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ENVIRONMENTAL ASSESSMENT BOARD

VOLUME: 189

DATE: Wednesday, April 4th, 1990

BEFORE: A. KOVEN, Chairman

E. MARTEL, Member



FOR HEARING UPDATES CALL (TOLL-FREE): 1-800-387-8810

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HEARING ON THE PROPOSAL BY THE MINISTRY OF NATURAL
RESOURCES FOR A CLASS ENVIRONMENTAL ASSESSMENT FOR
TIMBER MANAGEMENT ON CROWN LANDS IN ONTARIO

IN THE MATTER of the Environmental
Assessment Act, R.S.O. 1980, c.140;

- and -

IN THE MATTER of the Class Environmental
Assessment for Timber Management on Crown
Lands in Ontario;

- and -

IN THE MATTER OF a Notice by the
Honourable Jim Bradley, Minister of the
Environment, requiring the Environmental
Assessment Board to hold a hearing with
respect to a Class Environmental
Assessment (No. NR-AA-30) of an
undertaking by the Ministry of Natural
Resources for the activity of timber
management on Crown Lands in Ontario.

Hearing held at the Ramada Prince Arthur
Hotel, 17 N. Cumberland Street, Thunder Bay,
Ontario on Wednesday, April 4th, 1990,
commencing at 8:30 a.m.

VOLUME 189

BEFORE:

MRS. ANNE KOVEN
MR. ELIE MARTEL

Chairman
Member

A P P E A R A N C E S

MR. V. FREIDIN, Q.C.)	
MS. C. BLASTORAH)	MINISTRY OF NATURAL
MS. K. MURPHY)	RESOURCES
MS. Y. HERSCHER)	
MR. B. CAMPBELL)	
MS. J. SEABORN)	MINISTRY OF ENVIRONMENT
MS. B. HARVIE)	
MR. R. TUER, Q.C.)	ONTARIO FOREST INDUSTRIES
MR. R. COSMAN)	ASSOCIATION and ONTARIO
MS. E. CRONK)	LUMBER MANUFACTURERS'
MR. P.R. CASSIDY)	ASSOCIATION
MR. H. TURKSTRA	ENVIRONMENTAL ASSESSMENT BOARD
MR. E. HANNA)	ONTARIO FEDERATION OF
DR. T. QUINNEY)	ANGLERS & HUNTERS
MR. D. HUNTER)	NISHNAWBE-ASKI NATION
MS. N. KLEER)	and WINDIGO TRIBAL COUNCIL
MR. J.F. CASTRILLI)	
MS. M. SWENARCHUK)	FORESTS FOR TOMORROW
MR. R. LINDGREN)	
MR. P. SANFORD)	KIMBERLY-CLARK OF CANADA
MS. L. NICHOLLS)	LIMITED and SPRUCE FALLS
MR. D. WOOD)	POWER & PAPER COMPANY
MR. D. MacDONALD	ONTARIO FEDERATION OF LABOUR
MR. R. COTTON	BOISE CASCADE OF CANADA LTD.
MR. Y. GERVAIS)	ONTARIO TRAPPERS
MR. R. BARNES)	ASSOCIATION
MR. R. EDWARDS)	NORTHERN ONTARIO TOURIST
MR. B. McKERCHER)	OUTFITTERS ASSOCIATION

APPEARANCES: (Cont'd)

MR. L. GREENSPOON)	NORTHWATCH
MS. B. LLOYD)	
MR. J.W. ERICKSON, Q.C.)	RED LAKE-EAR FALLS JOINT
MR. B. BABCOCK)	MUNICIPAL COMMITTEE
MR. D. SCOTT)	NORTHWESTERN ONTARIO
MR. J.S. TAYLOR)	ASSOCIATED CHAMBERS OF COMMERCE
MR. J.W. HARBELL)	GREAT LAKES FOREST
MR. S.M. MAKUCH)	
MR. J. EBBS	ONTARIO PROFESSIONAL FORESTERS ASSOCIATION
MR. D. KING	VENTURE TOURISM ASSOCIATION OF ONTARIO
MR. D. COLBORNE)	GRAND COUNCIL TREATY #3
MS. S.V. BAIR-MUIRHEAD)	
MR. R. REILLY	ONTARIO METIS & ABORIGINAL ASSOCIATION
MR. H. GRAHAM	CANADIAN INSTITUTE OF FORESTRY (CENTRAL ONTARIO SECTION)
MR. G.J. KINLIN	DEPARTMENT OF JUSTICE
MR. S.J. STEPINAC	MINISTRY OF NORTHERN DEVELOPMENT & MINES
MR. M. COATES	ONTARIO FORESTRY ASSOCIATION
MR. P. ODORIZZI	BEARDMORE-LAKE NIPIGON WATCHDOG SOCIETY

APPEARANCES: (Cont'd)

MR. R.L. AXFORD	CANADIAN ASSOCIATION OF SINGLE INDUSTRY TOWNS
MR. M.O. EDWARDS	FORT FRANCES CHAMBER OF COMMERCE
MR. P.D. McCUTCHEON	GEORGE NIXON
MR. C. BRUNETTA	NORTHWESTERN ONTARIO TOURISM ASSOCIATION

I N D E X O F P R O C E E D I N G S

<u>Witness:</u>	<u>Page No.</u>
<u>MURRAY ATKINSON,</u>	
<u>RONALD MAGEE,</u>	
<u>NICKOLAS SALTARELLI,</u>	
<u>DOUGLAS PRYKE,</u>	
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I N D E X O F E X H I B I T S

<u>Exhibit No.</u>	<u>Description</u>	<u>Page No.</u>
1095	Article entitled: The Urban Forest, Trouble Ahead for the Pulp and Paper Industry by Claude Boisvert.	33252
1096	Article by Roger Sedjo entitled: Economic Wood Supply - Problems and Opportunities: Choices for Canada's Forest Industry.	33260
1097	MNR Interrogatory question No. 3, MOE interrogatory Nos. 7 and 10 and answers thereto (Panel 3).	33273
1098	Hand-drawn diagram depicting relationship of maximum allowable depletion to forest resource.	33313
1099	Package of MOE Interrogatory Nos. 1, 4 5 and 7.	33330

1 ---Upon commencing at 8:35 a.m.

2 MADAM CHAIR: Please be seated.

3 MURRAY ATKINSON,
4 RONALD MAGEE,
5 NICKOLAS SALTARELLI,
6 DOUGLAS PRYKE,
7 SANDRA IMADA, Resumed

8 MR. CASSIDY: I think my voice will be
9 loud enough to carry.

10 MR. FREIDIN: The panel of witnesses do
11 not have their mikes working either.

12 MR. CASSIDY: I am not going to ask the
13 panel of witnesses to do anything while I simply advise
14 that Board that I have been told by Mr. Saltarelli that
15 he wishes to provide the Board with a new version of
16 Exhibit 1076G which is one of the overheads he had of
17 the various levels of database for OWOSFOP, FORMAN and
18 HSG. Apparently the one that was circulated was
19 missing a few zeros.

20 Is that correct, Mr. Saltarelli?

21 MR. SALTARELLI: It had a few zeros added
22 to it.

23 MR. CASSIDY: I'm sorry, it had a few too
24 many zeros added to it under the HSG data set and it
25 may be appropriate just to throw out the previous
version and insert this one. The numbers of zeros
still leaves a hundred million.

1 MADAM CHAIR: A hundred million bytes?

2 MR. CASSIDY: A hundred million bytes.

3 MADAM CHAIR: Thank you.

4 MR. CASSIDY: That's all I have to do for
5 now, Mr. Martel and Madam Chair.

6 MADAM CHAIR: Do you want that to be an
7 exhibit, Mr. Cassidy?

8 MR. CASSIDY: It may be simple just to
9 throw out the previous version.

10 ---Discussion off the record

11 MADAM CHAIR: Sorry, Mr. Lindgren.

12 MR. LINDGREN: Thank you, Madam Chair.

13 Mr. Saltarelli, is your microphone on?

14 MR. SALTARELLI: Yes, Mr. Lindgren.

15 CONTINUED CROSS-EXAMINATION BY MR. LINDGREN:

16 Q. Now, yesterday when we broke for the
17 day I believe you were discussing your comment on page
18 40 of the witness statement concerning the accelerated
19 harvest and accelerated renewal and I would like to
20 pick up that discussion again this morning.

21 Do you have a copy of Exhibit 534A before
22 you, sir?

23 MR. SALTARELLI: A. I do.

24 Q. Can we briefly review the contents of
25 this exhibit. The lower portion of the graph

1 represents areas that have been treated for the
2 purposes of natural regeneration and I understand that
3 could, in some circumstances, include clearcutting; is
4 that correct? Clearcutting is a natural regeneration
5 method?

6 A. It can be, yes.

7 Q. And above that in the dotted area we
8 see a representation of the areas treated artificially;
9 i.e., by seeding or planting; is that correct?

10 A. That's correct.

11 Q. And then above that we see a white
12 gap which has been left for natural regeneration to
13 non-preferred species and above that we see the level
14 of harvest.

15 Now, in light of these varying levels of
16 regeneration and that white gap just below the harvest
17 line, can you please advise me whether or not in your
18 view the present level of regeneration activity is
19 adequate to justify accelerated harvest?

20 A. It should be clarified that this
21 graph represents all Crown lands and not just the area
22 of the undertaking. It is, on the basis of this
23 schematic, not possible to say whether or not the level
24 of artificial regeneration is adequate.

25 Q. Well, can I return to your statement

1 at page 40 where you say that:

2 "Acceleration of harvest cannot be
3 rationalized in the absence of
4 accelerated renewal efforts..." and we
5 did discuss that at some length yesterday afternoon.

6 Would you agree with me that accelerated
7 harvest should not occur unless and until accelerated
8 renewal efforts occur?

9 A. No, I do not.

10 Q. Now, you've indicated that this graph
11 refers to all Crown land in Ontario. Can I ask you
12 this: Is the present level of regeneration activity on
13 FMAs adequate to justify accelerated harvest?

14 A. I can speak only to the FMAs for
15 which I'm familiar and the answer to that question is
16 yes in that respect.

17 I think you have to bear in mind, Mr.
18 Lindgren, that there will be greater volumes achieved
19 on areas treated artificially than areas left to
20 natural regeneration and it is the objective of FMAs to
21 maintain or increase the productivity on a volume basis
22 of a unit.

23 Q. Is there any evidence in this panel
24 to suggest that the volumes from artificial plantations
25 are greater than what are obtained naturally?

1 A. Not in this panel, sir.

2 Q. Are we going to hear it at all during
3 the Industry case?

4 MR. CASSIDY: Well, I think that evidence
5 was dealt with in the Ministry's panel and what effort
6 we made to do was to avoid repeating evidence.

7 MR. LINDGREN: I take it then, Mr.
8 Cassidy, you will not be calling any evidence to
9 substantiate Mr. Saltarelli's comment?

10 MR. CASSIDY: We rely on the evidence
11 adduced by the Ministry of Natural Resources in respect
12 of that matter.

13 MR. LINDGREN: Very well.

14 Q. Mr. Saltarelli, we had filed and
15 posed an interrogatory on that very subject and I am
16 referring to question 4(a) of 1094.

17 MR. SALTARELLI: A. Yes.

18 Q. Where we had asked:

19 "Is the practice on FMAs to harvest more
20 area than is regenerated to species and
21 stocking at least equal to the original
22 stand?"

23 And the first two lines of the answer
24 indicates that:

25 "Industry understands a basic

1 premise of the FMA program to be that the
2 productivity of a management unit is
3 maintained. This does not mean that
4 every hectare will be regenerated to
5 produce a stand equivalent to the
6 original."

7 You go on to indicate:

8 "Some stands will be intensively managed
9 and other stands will be extensively
10 managed."

11 Is that a fair summary of the answer?

12 A. Yes.

13 Q. And by extensive management, I take
14 it that you are referring to silvicultural methods or
15 harvest systems such as stripping cutting that are
16 intended to promote natural regeneration?

17 A. Extensive, no; we would call it
18 basic. They are essentially four levels of management
19 and perhaps they weren't dealt with in the Ministry's
20 panel, perhaps they were.

21 Q. Well, what did you mean by the term
22 extensive management in this answer?

23 MR. CASSIDY: Mr. Saltarelli, if I could
24 just ask you to speak up just a bit for the reporter.

25 MR. SALTARELLI: Excuse me. Extensive

1 management in this context means anything that isn't
2 artificial; for example, not planting, not seeding. No
3 real intervention in the way of regeneration treatment.

4 MR. LINDGREN: Q. But I think you would
5 agree with the statement that I just put to you that
6 extensive management as you defined it could include
7 modified harvest systems such as strip cutting?

8 MR. SALTARELLI: A. No, I would not
9 classify that as an artificial treatment actually.
10 It's a harvest treatment to promote natural
11 regeneration, but it's a conscious pattern that's laid
12 out on the ground, therefore, it's artificial.

13 Q. So then by extensive silvicultural
14 regimes you're simply referring to situations where you
15 cut and walk away?

16 A. It's not that simple, Mr. Lindgren.
17 We may harvest a stand, for example, that has a fair
18 measure of advanced reproduction present. You harvest
19 that stand in such a manner that that advanced
20 production is left more or less in tact and we wouldn't
21 go back and plant or seed that area. That will be an
22 extensive treatment. It's not simply a cut and walk
23 away, it's a very conscious decision that's made how
24 you go about cutting that stand.

25 Q. And so is strip cutting; correct?

1 A. That's not strip cutting, no.

2 Q. No, I'm offering that as another
3 example of that kind of decision.

4 A. I'll give you that. Strip cutting
5 could possibly be interpreted in this context.

6 Q. As a general proposition, Mr.
7 Saltarelli, and in terms of accelerating renewal
8 efforts, would you agree with me that current renewal
9 efforts could be accelerated by using more natural
10 regeneration cutting techniques?

11 A. Given that you have the right
12 circumstances, yes, but natural regeneration using
13 strip cutting has to be more or less tuned to a
14 circumstance. You have to have the right kind of
15 seedbed, you have to have the right kind of age class,
16 you have to have the right kind of species,
17 you have to time the thing to coincide with seed crops
18 and that's very difficult to do, and black spruce
19 especially, you have seed crops every three, four or
20 five years but not on a regular basis.

21 So in some respects you're correct, but
22 in other it is too generalized a statement.

23 Q. Okay, thank you. I would like to
24 return to the question and answer in question 4(a) and
25 as I have indicated early, the question essentially

1 asks whether or not it has been the practice on FMAs to
2 harvest more area than the licensee has attempted to
3 regenerate, and by regenerate we indicated that the
4 stand should result in species and stocking at least
5 equivalent to the original stand.

6 Keeping that definition in mind, with
7 respect, your answer doesn't appear to answer the
8 question so I will pose it to you again. Has it been
9 the practice on FMAs to harvest more area than the area
10 generated, keeping my definition of regeneration in
11 mind?

12 A. I am going to give you the short
13 answer, but I would like to qualify it. The short
14 answer is yes and the qualification is that it's
15 physically impossible. Whether you regenerate with
16 artificial means or leave it nature, you get exactly
17 the same stand back. That's just not physically
18 possible. Even if nature harvests a stand, which he
19 often does, the stand that comes up will not be the
20 same stand as what you took.

21 Q. I don't think we are asking for an
22 exact duplication, it is something that it
23 approximates.

24 A. Well, you said regenerate to species
25 and stocking at least equal to the original stand.

1 Equal to me means equal, it doesn't mean approximate.
2 It's quite possible that it will be an approximate
3 representation of the previous stand. That's a more
4 reasonable assumption, I suppose.

5 You should bear in mind that stocking is
6 measured in different ways. Stocking can be measured
7 according to the number of trees in a given area, it
8 can be measured in terms of closure.

9 When a stand reaches maturity we tend to
10 lean toward the latter definition of stocking; in other
11 words, when the Crown closure is complete you can't see
12 the ground stockings at a hundred per cent, but there
13 may be only 300 trees in that particular area for a
14 given unit; whereas, if you measured stocking based
15 upon trees for a given area, that 300 trees might
16 represent only 30 per cent stocking.

17 Q. Yesterday in your evidence you
18 referred to the harvest that occurred before the
19 introduction of the FMA regime.

20 I think you essential indicated that
21 during that time Industry and the Ministry went their
22 separate ways and, in effect, Industry cut and the
23 Ministry regenerated. Is that your evidence?

24 A. That's correct, yes.

25 Q. Could you advise me, during that time

1 period was it the practice of licence holders to
2 harvest more area than was attempted -- than the
3 Ministry attempted to regenerate?

4 MR. CASSIDY: I really question the
5 relevance of that question; for historical curiosity
6 interest, perhaps. It was simply put in the context in
7 the examination-in-chief for the purpose of saying what
8 is happening in the present.

9 I think it is of more benefit for this
10 Board to focus on what is going to happen in the future
11 than what happened to a regime that is gone and well
12 never return.

13 MADAM CHAIR: Isn't the evidence that we
14 have heard already that regeneration has increased
15 since 1980?

16 MR. LINDGREN: That is correct, Madam
17 Chair. However, the evidence -- or the point that I am
18 trying to establish here is whatever happened to those
19 stands prior to 1980 is going to have a direct effect
20 on wood supply 20, 30 years down the road.

21 So what I'm trying to determine is
22 whether or not those lands have been or are being
23 satisfactorily regenerated. That's has a direct
24 bearing on the wood supply issue and I can't see that
25 there is any legitimate objection to that line of

1 questioning.

2 MADAM CHAIR: What is your question to
3 Mr. Saltarelli?

4 MR. LINDGREN: The question is -- well, I
5 was going to lead up to it, that this was contextual
6 question, as it were, that the ultimate question I was
7 going to put to Mr. Saltarelli was: Given that, as I
8 understand his evidence, this cutting occurred without
9 any expressed intent --

10 MADAM CHAIR: Which cutting is that?

11 MR. LINDGREN: The pre-1980 cutting
12 occurred without the expressed intent of fostering or
13 generating natural regeneration and if that is the
14 case, if that is the case - I mean, that's why I put
15 the question to him - is the Industry satisfied with
16 the regeneration that is occurring on those cut-over
17 areas.

18 MR. CASSIDY: Well, he better be more
19 specific in terms of what particular part of the
20 province he is talking about it. The area of the
21 undertaking is huge. If he has got a particular part
22 that he is concerned about and if that aspect of the
23 land base is relevant, then fine.

24 As the evidence indicated, my clients
25 were not responsible for them prior -- on that basis

1 and it would be difficult to answer on that basis. In
2 more fairness to the witness, Madam Chair, I suggest
3 that counsel has got to be more specific with respect
4 to a particular land base, otherwise you are going to
5 get an answer which is so general that it is of dubious
6 value to the Board.

7 MADAM CHAIR: Mr. Saltarelli has told us
8 that he is most familiar with the Iroquois Falls FMA
9 and perhaps he will answer on that basis.

10 MR. LINDGREN: Well, Madam Chair, with
11 respect, I believe that Mr. Saltarelli was presented to
12 this panel -- or by this panel to this Board as an
13 expert in wood supply and I am not sure his answer
14 necessarily should be limited to his experience on
15 Iroquois Falls. He is here, I understand, to present
16 evidence on behalf of the Industry with respect to wood
17 supply issues in general.

18 MADAM CHAIR: But you are asking such a
19 general question.

20 MR. LINDGREN: Well, I would have assumed
21 that this witness or this panel would be in a position
22 to answer a general question because they are dealing
23 with wood supply in general.

24 MR. CASSIDY: He can answer a general
25 question, but the point is, I suggest it's irrelevant

1 in the generalities, it has got to be put down to a
2 particular area of the province. I mean, there has got
3 to be some tie to a land base.

4 We are talking a huge part of the
5 province, from the Great Lakes/St. Lawrence up to north
6 of 50, and if you are going to ask him to comment over
7 the whole part of the province; (1) I think it is of
8 little value and, (2) it is entirely appropriate for a
9 witness to be called as an expert to base his -- give
10 that evidence based on his experience and no expert
11 should go beyond his experience. That does qualify him
12 as an expert, but he should be allowed to refer to his
13 experience.

14 MADAM CHAIR: It is most useful for the
15 Board to hear Mr. Saltarelli give an answer where he
16 can give specific examples of what the situation was
17 like pre-1980 and what it is like now, and let's Let
18 Mr. Saltarelli --

19 MR. LINDGREN: Well, I intend to put that
20 question to him, but I still maintain, with respect,
21 Madam Chair, that I should be entitled to ask a
22 question as to whether or not areas that were cut prior
23 to 1980, it was in the area of the undertaking, are
24 they satisfactorily regenerated or not. That is a
25 crucial question as to whether or not there is an

1 adequate wood supply for the future.

2 MADAM CHAIR: Well, you can ask him that
3 question, but for the Board I don't know how useful his
4 answer will be.

5 MR. LINDGREN: Q. Can you speak first to
6 your specific --

7 MR. MARTEL: Could I ask a question then.
8 Would that not be more appropriate to ask this question
9 to someone from MNR who in fact -- where they do have
10 an overview of what's going on province-wide as opposed
11 to a general question of a witness who comes from a
12 specific location on a specific site?

13 MR. LINDGREN: With respect, this witness
14 has been presented as the wood supply expert for the
15 Industry and whether or not there is adequate -- I am
16 asking for the Industry's opinion as to whether or not
17 these pre-1980 cut-overs are adequately regenerating
18 because that is going to have a direct impact on
19 whether or not there is going to be wood available down
20 the road.

21 Q. So keeping that in mind, I will ask
22 you the specific if you can answer and the general if
23 you can answer.

24 MR. SALTARELLI: A. You are speaking to
25 FMAs here now and the Iroquois Falls FMA, for that I

1 can say yes, those areas have been regenerated or will
2 be regenerated.

3 On a more general plane, each forest
4 management agreement signed in the province spells out
5 strategy for treating those areas that were harvested
6 pre-FMA. According to the agreement, the FMA holder
7 must regenerate - and these are called NSR lands - and
8 he or she must regenerate as much as -- no less than
9 five per cent per annum; in other words, in 20 years
10 the maximum area would be treated.

11 These will be areas identified prior to
12 the signing of FMA by what's called an NSR survey.

13 Q. Pardon me?

14 A. The mechanism that defines the area
15 that requires regeneration harvested prior to the FMA
16 is the NSR, the not sufficiently regenerated survey.

17 Q. I take it that you are familiar with
18 the various five-year FMA reviews that have been
19 published?

20 A. Yes, I am.

21 Q. Can you advise me whether or not
22 there was a recommendation in any of those reports
23 concerning the regeneration of those NSR lands?

24 A. In any of them? My recollection is
25 that at least one report, possibly all of them, the one

1 I am most familiar with again, I read it because it had
2 to do with our FMA, said that of the four FMAs reviewed
3 there were either meeting or exceeding their NSR
4 requirements.

5 Q. Did they offer any recommendations as
6 to whether or not those efforts should be accelerated
7 or whether or not --

8 A. I don't believe so.

9 Q. That's your evidence?

10 A. That's my opinion. I don't know for
11 a fact. If I had the document in front of me I could
12 tell you.

13 Q. Could I ask you to turn to page 42,
14 please.

15 A. Yes.

16 Q. The bold paragraph on that page reads
17 that:

18 "The removal of productive forest from
19 timber management activities affects the
20 wood supply and the socio-economic
21 environment within the area of the
22 undertaking and in the province
23 generally."

24 Would you agree with me, sir, that
25 statement is only true if licence holders are in fact

1 harvesting the full allowable cut?

2 A. No. It would be relevant in the
3 present context; in other words, the wood supply
4 wouldn't be effected perhaps in the present context,
5 but wood supply in the long-term could be very much
6 affected by withdrawals in the land base.

7 Q. Let me put it this way then, Mr.
8 Saltarelli. If the licence holders are only cutting a
9 certain percentage of their allowable cut, then
10 removing production forest only reduces the potential
11 allowable cut, it does not affect the actual allocation
12 or harvest by the licence holders. Isn't that the
13 case?

14 A. Could you run that by me just one
15 more time, please.

16 Q. Okay. If the licence holders are not
17 taking their full allowable cut, they are only cutting
18 a certain percentage of it, then removing the
19 productive forest only affects the potential allowable
20 cut, it doesn't affect the actual allowable cut or
21 what's actually being taken by the industry?

22 A. No, that's not a true statement.
23 What is removed from the land base or part of the land
24 base might do of course is reduce the allowable cut,
25 first of all, potentially to the point where the

1 company's harvesting would be in excess of low, okay.
2 And you have to bear in mind using area base regulation
3 with any sort of acceleration factor, the allowable
4 cut - I am regressing here, it is called maximum
5 allowable depletion now - tends to be a bit higher in
6 the beginning of the period or toward the end of the
7 period.

8 So if you remove part of the basis of
9 that calculation, that land base, then your allowable
10 cut calculation is going to depict a lesser area. So
11 it can have a rather profound effect on long-term wood
12 supply and long-term maximum allowable depletion.

13 Q. Well, you may recall that we posed an
14 interrogatory on this very subject and I am referring
15 to question No. 6 in Exhibit 1094. We simply asked:

16 "Kindly specify the number of FMAs in
17 which the licensee has harvested
18 the entire allowable cut for each
19 completed five-year term."

20 Can you confirm that the answer clearly
21 indicates that no FMA holder have harvested all of its
22 entire allowable cut in all of its forest units?

23 A. That is correct.

24 Q. And, in fact, out of the 120 forest
25 unit MADs that you looked at only five were exceeded,

1 the five that we see here?

2 A. Exceeded by harvest only.

3 Q. Exceeded by harvest?

4 A. Yes.

5 Q. If that is the case, how can you
6 justify your statement on page 42 that removing the
7 land -- or removing production forest is in fact
8 operating to the detriment of the mills? How does it
9 affect the present wood supply?

10 A. I would put it that further
11 reductions in land base could have an effect on wood
12 supply isn't depicted here. Again, these maximum
13 allowable depetions were calculated using OWOSFOP
14 which, because we were operating in over-mature
15 situation, tends to front-load the MAD; in other words,
16 it tends to provide a much increased MAD, at least in
17 the beginning of the time frame.

18 And if you looked at at typical graph of
19 allowable annual depletion over time produced by
20 OWOSFOP, you will see that it is very high in the first
21 five or so terms but reduces significantly later on.

22 So even if in the first five-year or
23 second five-year reviews - these are the first five
24 year reviews actually - there wasn't a problem with MAD
25 as far as insufficiency in MAD, it could crop up in the

1 second term or the third term and we are here for the
2 long run, so we certainly have to be concerned about
3 present depletions and their effect on future supplies.

4 MADAM CHAIR: Are you saying, Mr.
5 Saltarelli, if you looked at this data, if you analysed
6 from the 20-year perspective of the FMA that you would
7 different results?

8 MR. SALTARELLI: Yes, it would be very
9 much different.

10 MADAM CHAIR: So you would be closer to
11 the allowable cut-over 20 years?

12 MR. SALTARELLI: I would say so, yes.

13 MR. LINDGREN: Q. Do you have any
14 evidence in this panel to support that statement?

15 A. I have no evidence, no formal
16 evidence, sir.

17 Q. Would you agree with me --

18 MR. CASSIDY: Well, he has given evidence
19 here, all right, and he has asked a question. We
20 address issues in the witness statements, Madam Chair,
21 as we feel them important. I don't want the Board to
22 be left with the impression that there is no weight to
23 that evidence he has given in response to a question.
24 My friend has got the evidence and he is stuck with it.
25 He asked it.

1 MR. LINDGREN: Q. Where is the
2 documentation to support your claim that harvest will
3 equal MAD somewhere down the road?

4 MR. CASSIDY: That's not what he said
5 and, secondly -- all right, go ahead.

6 MR. SALTARELLI: Each timber management
7 plan contains a projectoin of maximum allowable
8 depletion through time. I think they generally stop at
9 20 years, 20 years into the future, and each and every
10 one of them which I am familiar, and I have seen many
11 of them, shows a decrease in MAD over the 20-year
12 period such that if you have a constant depletion - and
13 that's again a fairly broad assumption - that curve,
14 the available MAD and the required MAD begin to
15 converge upon one another. Whether or not they cross
16 or touch is something I can't comment on in a general
17 basis.

18 What I am saying is, even with the
19 present land base with no depletions or no withdrawals,
20 the MAD and the allocation or projected allocation
21 begin to become more closely aligned. Perhaps I should
22 draw something on the --

23 Q. I don't believe that's necessary, but
24 I would just like to return very briefly to this
25 interrogatory. The interrogatory very clear on its

1 face indicates that no FMA holder is harvesting all of
2 its allowable cut in all of the forest units and you
3 agreed to that proposition?

4 A. I wouldn't say is, I would say did
5 not. This is past.

6 Q. Did not.

7 A. That's true.

8 Q. On the basis of that evidence, can
9 you explain to me how removing production forest or
10 productive forest is in any way affecting what's
11 actually being taken right now? How is it actually
12 affecting the present wood supply?

13 A. Are you speaking to present
14 allocation, like physically going and allocating wood
15 supply for a given five-year term or present five years
16 terms.

17 Q. Well, the suggestion on page 42 is
18 that removing productive forest somehow adversely
19 detrimented the mills. The evidence in this
20 interrogatory seems to suggest that at least for the
21 past five years nobody is taking all of their MAD?

22 A. I have tried to explain that and
23 perhaps I didn't do it well enough. The MAD for those
24 five-year terms were greatly accelerated and I think
25 that is the reason why the full amount wasn't taken.

1 And if the full MAD was taken in those 120 forest
2 units, I would propose that we would run out of wood
3 very, very quickly.

4 The whole purpose of objective regulation
5 is to balance short-term needs and long-term needs so
6 that they don't compromise one another. So looking at
7 the beginning of the long time frame here, I don't
8 think that is really a fair assessment.

9 Q. Very well. Could I ask you to turn
10 to page 43 of the witness statement. And basically the
11 first paragraph speaks to the need for a new and
12 revised timber production policy.

13 Now, perhaps I should first clear
14 something up. In light of the industry's terms and
15 conditions which call for integrated resource
16 management planning, shouldn't industry be seeking a
17 forest production policy that as opposed to a timber
18 production policy?

19 A. I will comment on that. Again, the
20 planning panel will be best to answer that. We have
21 taken the approach of an integrated planning process
22 for timber management not integrated planning of all
23 resources.

24 Q. Now, industry, as I understand it,
25 has called for a revision of the existing 1972 FPPO and

1 I must take it from that that the industry believes
2 that the goal of the '72 document; namely, 9.1-million
3 cunits by the year 2020, I take it the industry must
4 believe that's somehow an unattainable or an
5 unrealistic amount by this revision?

6 A. No.

7 Q. Why does the FPPO need revision?

8 A. No. We have taken the position that
9 given the changes that have taken place in technologies
10 and data and basically the changes in time, we should
11 take a look at the strategy.

12 It's quite conceivable that 9.2-million
13 cunits is right on, we don't know. It's quite possible
14 it could be more than that or less, but we would like
15 to take a better look at it.

16 Q. At this point does industry have any
17 proposed production level?

18 A. No, we are waiting for the TPP to
19 indicate that for us, the new TPP.

20 Q. Well, you have indicated that
21 industry wants to participate--

22 A. Yes.

23 Q. --in the development of the new TPP.
24 Does industry have any specific proposals for the level
25 of production?

1 A. No. You see, that is not really
2 possible, it's not just something you can pull out of
3 your head or you can read a book and come up with some
4 sort of an opinion.

5 The approach that is going to be taken
6 toward the development of a new TPP is some sort of
7 stand level modeling or unit level modeling which will
8 provide the basis for sustainable yield on a unit level
9 and that will be fed back up to the provincial and
10 strategic level for the production of the TPP.

11 That will tell us in essence what the
12 sustainable wood supply possibly can be, and there are
13 so many units out there, there are over a hundred, I
14 really can't second guess what each one was going to
15 contribute to the overall provincial wood supply. That
16 should be provided by the TPP.

17 Once we have that as an industry we can
18 certainly comment on it and be able to -- help attain
19 the goals that have been established.

20 Q. So are you saying then that you can
21 only determine the sustainable allowable cut once we
22 have assessed it at the unit level and aggregated
23 upwards?

24 A. On a provincial basis, yes.

25 Q. On a provincial basis.

1 A. That is the best way to do it.

2 Q. And presently we are not doing that
3 and we don't have that information?

4 A. It's not complete, no. I believe
5 that each unit -- no, I don't believe -- I know that
6 the units with which I am familiar have at least some
7 kind of strategy of long-term wood supply.

8 I think it would be necessary to somehow
9 standardize it across the province so that each unit
10 has basically the same wood supply into the future and
11 then aggregate it and then allocate targets downwards
12 after that.

13 Q. And until that is done we don't know
14 what the sustainable allowable cut at the provincial
15 level is. So even though --

16 A. We haven't got a number.

17 Q. You haven't got a number. So we
18 don't know if 9.1-million cunits is the right number or
19 whether some other number is the correct number?

20 A. That's right, we don't know.

21 MADAM CHAIR: Mr. Saltarelli, does
22 industry see itself providing the stand level
23 information to MNR in this exercise?

24 MR. SALTARELLI: I think in many cases we
25 will be. For example, FMAs that have conducted

1 extensive wood supply analyses, we will be providing
2 that information to MNR. I don't think that will
3 happen at Crown management units, for example, where
4 MNR is doing the stand level modeling -- I really
5 should say unit level modeling, because a lot of this
6 information will be provided by FORMAN or NORMAN which
7 really looks at forest classes rather than stands.

8 MR. LINDGREN: Q. Now, a moment ago you
9 just indicated that industry at this point does not
10 have a specific production target or objective in mind.
11 Does industry have any specific regeneration targets or
12 objectives in mind?

13 MR. SALTARELLI: A. Not one that can be
14 quantified, Mr. Lindgren. Our regeneration objective
15 is to maintain or enhance, and this would be actually
16 something that could be addressed again on the unit
17 basis. We want to stay in business forever, so
18 obviously we want that wood supply to be available
19 forever. So whatever it takes to maintain the
20 integrity of the volume base out there is what we would
21 like to see happen.

22 Q. Does that mean an expansion or an
23 acceleration of current regeneration efforts?

24 A. It's quite possible that current
25 generation efforts might be trimmed down. The question

1 is: What is enough? Are we doing enough now, are we
2 doing too much?

3 Q. And do we know the answer to that
4 question now?

5 A. No, we don't.

6 Q. One final question on the new
7 proposed production policy. We have heard considerable
8 evidence in this hearing about the underlying
9 assumptions or some of the underlying assumptions about
10 production and regeneration. Does industry have any
11 specific assumptions to replace the old ones?

12 A. About production and -- I beg your
13 pardon, I didn't quite get your question.

14 Q. And regeneration.

15 MR. CASSIDY: Excuse me. I am just not
16 sure about where Mr. Lindgren is referring to in the
17 evidence that has come out before. If Mr. Saltarelli
18 can answer that question, fine, but it's got me a
19 little confused as to what he evidence is referring to
20 over the past 22 months.

21 MR. SALTARELLI: Perhaps Mr. Lindgren is
22 referring to the 10 cunits per acre and 20 cunits per
23 acre.

24 MR. LINDGREN: (nodding affirmatively).

25 MR. SALTARELLI: I think it's very

1 general and I personally don't think it's really that
2 helpful. For example, it's quite possible that 20
3 cunits per acre is very conservative, I know it's very
4 conservative for some treatments; whereas the 10 cunits
5 per acre for natural across the board quite possibly in
6 some circumstances could be conservative or overly
7 optimistic.

8 That is based upon my only personal
9 experiences, and again the regeneration panel will
10 certainly address that issue.

11 MR. LINDGREN: Q. Okay, thank you.

12 Mr. Atkinson, if I could turn very
13 briefly to you, sir. There are a couple of questions I
14 would like to pose with respect to Appendix A.

15 When we reviewed that material we noted
16 that your paper didn't mention -- or what effect lower
17 rotation was going to have on the sawmilling industry
18 which is why we posed Question No. 8 in our
19 interrogatory package which is found in Exhibit 1094.
20 Question 8(a) we asked:

21 "What will the effect of lower rotation
22 be on the sawmill industry?"

23 And, with respect, your answer doesn't
24 really address the question. But would you agree with
25 me that lower rotation ages in general would mean that

1 sawmills will have to be using smaller trees; lower
2 rotation equals smaller trees; isn't that the case, as
3 a general proposition?

4 MR. ATKINSON: A. Madam Chair, I think
5 it's very difficult to forecast ahead what is going to
6 happen 50 or 60 years from now, but I would agree that
7 there would be a tendency for that to happen, but I
8 would think that units that are being managed for
9 sawmills would pick their rotation ages or their
10 species in order to get wood that was suitable for
11 making whatever the market is for lumber 60 years from
12 now.

13 And there is many different sites and
14 different enhanced genetic stock that is going to be
15 available which is supposed to, you know, correct for
16 some of these things that might happen just with short
17 rotations.

18 So I think all I can say to summarize it,
19 if we were talking present rotations with present
20 genetic stock, the shorter the rotation the smaller the
21 log and the less large dimension lumber the sawmill
22 could make, but we think that in the future that the
23 things that are going to be done in forest management
24 will adjust for that.

25 MR. SALTARELLI: A. IF I might expand

1 upon that, Madam Chair. As a general premise, short
2 rotations equals smaller trees, all things being equal
3 is a logical conclusion to arrive at.

4 But if you take a look at situations such
5 as New Brunswick where they are looking at a problem of
6 a skewed distribution of age classes such that you have
7 a so-called bar bell effect; you have young age
8 classess on one part of the scale and old on the other
9 part. There is a real need to accelerate some of those
10 younger age classes.

11 One can affect treatment such that young
12 trees become larger trees. Thinning for example is
13 very popular out on the east coast, and the measurable
14 thinning response is, although it's not height, is
15 diameter. You can increase diameter of trees
16 significantly by intervening in the thinning regime.

17 There are other options available,
18 fertilization for one, that isn't wide spread in Canada
19 and quite possibly could be.

20 Again, as Mr. Atkinson referred to, there
21 are genetic stocks or genetic variances becoming
22 available now. The Ontario genetic program has been
23 going on now almost the same length time as MESA have
24 been and it's showing very promising results.

25 And that is the key thing to bear in

1 mind, that it really comes down to the management
2 objectives of the forester that is doing the planning.
3 He may or may not decide that shorter rotations -- he
4 may say, he or she may say that they are going to
5 manage this particular forest unit on a hundred year
6 rotation or 150 year rotation, to give an extreme.

7 Q. Mr. Atkinson, I believe you agreed
8 that lower rotations could result in smaller trees.
9 And would you agree with that if that occurs that will
10 increase the processing cost to industry?

11 MR. ATKINSON: A. With today's
12 conditions, yes, it would.

13 Q. And a moment ago Mr. Saltarelli
14 referred to management objectives. Can you advise me,
15 Mr. Atkinson, how many FMAs are currently managed on or
16 for sawlog rotations?

17 A. Again, Mr. Lindgren, I am not a real
18 expert on this, but the ones I know of I think I
19 mentioned in my presentation and they are the Lac Seul
20 Forest north of Sault Ste. Marie which is McKenzie
21 Forest Products. There is the, whatever it's called,
22 in Hearst, the co-operative one there.

23 MR. CASSIDY: That is the one that the
24 Board heard about?

25 MR. ATKINSON: And the co-operative in

1 Chapleau and possibly if Mr. Saltarelli knows of any
2 others he could mention them.

3 MR. LINDGREN: Q. Well, Mr. Saltarelli,
4 without actually naming specific companies, perhaps I
5 could shorten this discussion this way: Would you
6 agree with me that most FMAs are currently managed on
7 pulpwood rotations rather than sawlog rotations?

8 MR. SALTARELLI: A. Most FMAs? I
9 would -- currently?

10 Q. Currently.

11 A. I would say, yes, but that doesn't
12 mean that a fair amount of sawlogs aren't being
13 generated by those rotations. For example, Iroquois
14 Falls Forest has an exchange arrangement with the local
15 sawmiller where we furnish them with about one sixth of
16 what we cut. We harvest a fair volume of softwoods and
17 about one sixth, up to 50,000 cubic metres, of that
18 wood is sufficiently large for dimensional lumber
19 production and we trade it for smaller sawlogs or
20 smaller logs that they encounter in their operations.

21 So even on a pulpwood rotation you are
22 going to generate in the present context - now I said
23 presently - you are going to generate a fair measure
24 of sawlogs.

25 There is also a question about sites and

1 maximum allowable depletions by forest unit. On a
2 fairly low rotation for poplar, for example, a mixed
3 wood site tends to be richer, the trees tend to be
4 bigger, softwood trees than hardwood trees, and in a
5 poplar stand - perhaps Mr. Magee can expand on this -
6 you are going to generate a fair measure of sawlogs on
7 that rotation whether it's for pulpwood or for...

8 Q. Just to finish off that point, Mr.
9 Saltarelli. Can you confirm for me that in general
10 pulpwood rotations are shorter than sawlog rotations?

11 A. That is correct.

12 Q. Thank you.

13 MR. ATKINSON: A. Madam Chair, I'm
14 sorry.

15 MADAM CHAIR: Yes, Mr. Atkinson?

16 MR. ATKINSON: To finish off something I
17 didn't think of I guess. There are other FMAs
18 involved with sawmills of course. I think everyone
19 here is familiar with the operations of E. B. Eddy and
20 all of their wood to my knowledge goes through their
21 sawmill before it goes to their pulpmill at Espanola
22 and C P Forest Products here and in Dryden have
23 sawmills tied in with their -- or stud mills tied in
24 with their mills and I think they intend to keep those
25 mills running, those sawmills.

1 MR. LINDGREN: Thank you.

2 MR. CASSIDY: Madam Chair, I think I
3 might have confused the issue as well. I advised you
4 that the Hearst FMA was the co-operative FMA you heard
5 about in Panel 1 from Mr. Lafreniere. That of course
6 was the Chapleau FMA and I apologize for the confusion.

7 MADAM CHAIR: One question to Mr.
8 Saltarelli, Mr. Atkinson.

9 MR. SALTARELLI: Yes, Madam Chair?

10 MADAM CHAIR: Is it considerably cheaper
11 for sawmills to receive their logs in this way from
12 pulp companies; in other words, if you were going out
13 to harvest for pulp and you pass the sawlogs on to
14 sawmills, is that much cheaper than the saw mills going
15 out and harvesting that material themselves?

16 MR. SALTARELLI: It depends to a large
17 measure on the arrangement the sawmill has with the
18 pulpmill. In our case, it's a one for one exchange.
19 We deliver a front load of sawlogs and they deliver a
20 front load of pulp, an equal volume exchange for it.

21 So in essence it's not cheaper insofar as
22 they still have to harvest an equivalent volume but it
23 just provides them with volume that they wouldn't
24 otherwise have.

25 MR. ATKINSON: Speaking from a sawmill

1 viewpoint, Madam Chair, I think our experience has been
2 that the cost is either slightly higher or the same as
3 our own cost when we get sawlogs from the logging
4 operations of pulp and paper companies.

5 MR. SALTARELLI: There could be something
6 called a sorting bonus. When a pulp company harvests a
7 given area and takes out one sixth of that volume in
8 large logs it incurs an extra cost for sorting, and
9 quite often, as Mr. Atkinson has indicated, that cost
10 is passed on to the sawmill.

11 MADAM CHAIR: So the idea that at some
12 point in the future sawmills would be more dependent on
13 pulp operations to do their logging for them certainly
14 isn't very attractive today to sawmill operations?

15 MR. ATKINSON: Well, I think as I
16 mentioned, Madam Chair, in my presentation, we do have
17 a very good relationship with the paper companies that
18 we deal with and we expect it will go on and, in fact,
19 I think it's improving as we go. On, some of the
20 previous barriers that I won't go into have been
21 removed.

22 There is I guess newer generations of
23 people that are starting to get involved and we are
24 swapping chips for logs, a direct swap, volume for
25 volume, no money changes hands as an example and that

1 is a very good arrangement, because then there is no
2 arguments about what the price should be for anything,
3 it's just volume for volume. And I think we will see
4 that system grow as we go ahead from here.

5 MADAM CHAIR: Is that being encouraged by
6 the Ministry, or is that something that the industry
7 has come to terms with itself?

8 MR. ATKINSON: I think the Ministry
9 encourages this sort of thing continually to the extent
10 that they are able to do so. The details are worked
11 out between the companies.

12 MADAM CHAIR: Thank you.

13 MR. CASSIDY: Sounds like a return to the
14 barter system.

15 MR. SALTARELLI: It's free enterprise,
16 Mr. Cassidy.

17 MR. LINDGREN: Q. Mr. Pryke and Ms.
18 Imada, I haven't forgotten about you, I have a few
19 questions for you. I believe my first question would
20 be for Ms. Imada.

21 In the witness statement and during your
22 evidence yesterday you offered a description of the
23 physical characteristics of softwood and hardwood
24 fibers. Can you advise me whether or not that
25 description was based on original growth or is that

1 based on growth that you are currently obtaining at
2 plantations or on second growth?

3 MS. IMADA: A. That is the basic
4 structure of wood, those things I showed you. You are
5 going to see it whether you get that in an old growth
6 or a new growth tree.

7 I did make reference to the fact that
8 even within an old growth tree, if you will, there are
9 significant variation within a tree on certain
10 properties like fiber length, fiber diameter, et
11 cetera. And so consequently an overall, let's say,
12 average property for an old growth tree may be indeed
13 different than the average property you might get from
14 a faster grown or younger tree.

15 Q. Are you aware of any concerns that
16 have been expressed about the length or quality of wood
17 fiber that may be obtained from Ontario's second growth
18 or plantations?

19 A. I wouldn't say particularly for
20 second growth or plantations. There is a concern
21 definitely that younger trees would have a higher
22 proportion of juvenile wood. This may cause a problem
23 for the sawmilling sector, but in actual fact for the
24 pulp sector it may in turn be an advantage. And I have
25 done some work with some students in particular with

1 respect to jack pine, because we don't necessarily like
2 jack pine for mechanical processes as I said, but the
3 more juvenile portion of a jack pine tree is in fact
4 better for our purposes.

5 Q. Can you illustrate some of the
6 problems that you were referring to with respect to the
7 sawmilling industry?

8 A. One property I didn't talk about in
9 my discussion of physical properties of wood is the
10 micro-fibular angle in fibers and this -- I talked
11 about cellulose being a prime component of the cell
12 wall of the fibers, and the micro-fibular angle refers
13 to the direction of those strands of cellulose, if you
14 will, on a gross basis are oriented in the fiber.

15 And younger wood tends to have a greater
16 angle, it's farther -- generally on a mature wood basis
17 the angle is close to the direction, the length of the
18 cell, but they move more in a perpendicular basis on a
19 younger cell -- I mean, an a more juvenile wood and
20 that in effect causes a greater -- can cause for
21 greater longitudinal shrinkage of that cell and less --
22 a little bit lower in strength.

23 So juvenile wood could produce -- could
24 have properties of low -- could have properties of
25 lower strength and different properties, dimensional

1 stability.

2 Q. So I take it then that what you are
3 saying in effect that faster grown trees in general
4 produce lower quality lumber?

5 A. Not necessarily. I don't think you
6 could -- it's going to have different properties. Now,
7 within the particular grading rule for spruce/pine/fir,
8 you know, it hasn't - it has been awhile since I have
9 been into this - but it's based on -- they expect that
10 because the woods are those density that it's going to
11 give you a given strength, and I don't have specific
12 data to say that if that if you cut a tree, that the
13 strength that you are going to get out of it is going
14 to be less than what is expected by that particular
15 grading rule.

16 You have to keep in mind that the lumber
17 they are producing often from these pulp logs is like a
18 chip and sawlog operation and actually what happens is
19 the lumber is really produced more from the centre part
20 of the tree than the outer part of the tree. The
21 juvenile wood is the core and the mature wood is the
22 outer part of the tree. So that is where they are
23 producing their lumber already, from the inner part
24 where some of this juvenile wood is.

25 Q. Perhaps I can ask Mr. Atkinson to

1 return to Interrogatory 8(b) where we asked:

2 "What would be the effect of faster grown
3 plantations on the quality of lumber
4 and the profits to be expected for
5 sawmills?"

6 And the first line of the answer
7 indicates:

8 "Generally faster growth produces trees
9 of lower density."

10 Would you agree with me, Mr. Atkinson,
11 that this may in fact affect the various uses that
12 depend on a higher density log for lumber purposes?

13 MR. ATKINSON: A. Mr. Lindgren, and
14 Madam Chair, I think what I said in this reply to
15 portion (b) of your interrogatory is essentially what
16 my understanding is, that lower density wood is
17 suitable for most uses that we put SPF lumber to,
18 framing and industrial uses, but in things like
19 millwork, our customers look for a fine growth ring
20 which is slow growth, slow growth lumber in order to
21 get the strengths and the machining characteristics.
22 So to that extent, there would be some effect in fast
23 grown plantations, yeah.

24 MR. LINDGREN: If I may have a moment,
25 Madam Chair.

1 Q. Ms. Imada, can I ask you to turn to
2 page 95 where we see a discussion of recycling, and
3 that discussion continues for a couple of pages. Now,
4 a few days ago -- or Monday I provided your counsel
5 with a copy of this article. Have you had an
6 opportunity to read it?

7 MS. IMADA: A. Yes, I did.

8 MR. LINDGREN: I would like to file that
9 as the next exhibit, Madam Chair. It's an article by
10 Claude Boisvert entitled: The Urban Forest, Trouble
11 Ahead for the Pulp and Paper Industry. It's found in
12 the August/September/October, 1989 issue of
13 Silviculture.

14 MADAM CHAIR: That is Exhibit 1095.

15 MR. LINDGREN: (handed)

16 MADAM CHAIR: Thank you, Mr. Lindgren.

17 ---EXHIBIT NO. 1095: Article entitled: The Urban
18 Forest, Trouble Ahead for the
19 Pulp and Paper Industry by Claude
Boisvert.

20 MR. CASSIDY: Can I ask Mr. Lindgren,
21 Madam Chair, if he intends to call Mr. Boisver as a
22 witness?

23 MR. LINDGREN: That is not my intention,
24 Mr. Cassidy. I'm simply putting forward Mr. Boisver's
25 assessments and predictions to the witness for her

1 opinion.

2 Q. Now, if you had an opportunity to
3 read this, Ms. Imada, you will know that this article
4 is largely devoted to a discussion of the recycled
5 content regulations that are now occurring in the
6 United States and other jurisdictions with respect to
7 newsprint; is that correct?

8 MS. IMADA: A. Yes.

9 Q. Can I ask you to turn to the middle
10 column, first full paragraph, where he's speaking of
11 these recycled content regulations. And the author
12 indicates that:

13 "This growing trend will spell rough
14 times for most of the major Canadian
15 newsprint producers, many of whom have
16 committed hundreds of millions
17 of dollars in upgrading old mills
18 and in building new facilities to
19 increase their production capabilities.
20 This increased production capacity at
21 home is coinciding with an expected
22 world- wide glut of newsprint
23 availability coming on stream as early as
24 1991-92."

25 Then skipping to the first sentence in

1 the next paragraph:

2 "These publishers in turn will force
3 major changes on the Canadian producers
4 to fill that market demand.

5 Unfortunately, little of the existing or
6 new production capacity in Canada is
7 geared towards the utilization of
8 recycled paper."

9 My question to you, Ms. Imada, do you
10 agree or disagree with that assessment?

11 A. The assessment that it is going to
12 cause a great amount of difficulty for us?

13 At this point in time little of the
14 existing or new production capacity in Canada, it's
15 true, that's the case. I don't necessarily think it's
16 going to spell rough times ahead for the newspaper
17 producers.

18 I think you have seen evidence in
19 previous panels about the cyclic nature of our industry
20 and we are certainly down part of the cycle now, but I
21 think the thoughts are there that there is a need for
22 this capacity and, you know, we will be back in the
23 upswing and that what a number of companies may indeed
24 do is look at the opportunities to put in some sort of
25 de-inking facility in addition to increased capacity --

1 or replace or increase capacity.

2 Q. In light of that answer, could I ask
3 you to turn to the right-hand column, the second full
4 paragraph which reads:

5 "Canadian newsprint producers who are
6 still in the midst of the greatest
7 capital expenditure boom to increase
8 production capacity the industry has ever
9 seen are faced with an uncertain
10 future on many fronts."

11 And he goes on to indicate why in his
12 view that's the case and is including -- it states
13 that:

14 "For those companies that cannot see the
15 urban forest for the trees, the 21st
16 century will begin without them."

17 Do you agree or disagree with that
18 assessment?

19 MR. CASSIDY: These witnesses were not
20 called as market analysts, Madam Chair, so I don't
21 know -- I don't mean to cut these witnesses in term of
22 that, but there were market analysts called by both the
23 Industry in our earlier panels, as well as the
24 Ministry, so I would ask you to bear that in mind.

25 MR. LINDGREN: Madam Chair, if I could

1 just briefly respond to that.

2 I think we have heard time and time again
3 that wood supply is directly tied to market demand and
4 we find that in this evidence, what the market wants
5 and the specifications and the products it wants. I
6 think that's a fair question.

7 MS. IMADA: I don't think there's any
8 companies that are ignoring, you know, what's coming
9 up. We have heard before that Abitibi sells 80 per
10 cent of their newsprint to the States and it talks
11 about the legislation in this article, and at this time
12 there are really only three States that have some sort
13 of legislation in place.

14 I note that the way they refer to the
15 Connecticut legislation talks about 90 per cent of
16 recycled fibers in the not too distant future, the
17 actual content of their legislation is that by '98 90
18 per cent of their paper has to contain 40 per cent
19 recycled, and I think the way he has indicated it here
20 is a little bit misleading.

21 MADAM CHAIR: Ms. Imada?

22 MS. IMADA: And --

23 MADAM CHAIR: I'm sorry finish your
24 answer.

25 MS. IMADA: And I believe Mr. Macdonald

1 when he discussed it he talked about all companies are
2 looking at possibilities of de-inking facilities but it
3 is on a mill-by-mill basis.

4 MADAM CHAIR: We have heard evidence to
5 the effect that recycled content in the pulp and paper
6 mixture can only occupy a certain proportion after
7 which it can't use a hundred per cent recycled
8 material, there is always a need for some virgin fiber
9 to be put into the processing.

10 MS. IMADA: Madam Chair, you can make
11 make paper from a hundred per cent recycled fiber but
12 you can't do it all the time. What happens is you lose
13 fiber, you are going to have at least a 20 per cent
14 loss each time you recycle that material and
15 eventually -- you know, to lose 20 per cent five times
16 you don't have anything left, so obviously there has to
17 be some new material coming into the process.

18 I don't know if Mr. Pryke can comment on
19 a little bit on the --

20 MR. LINDGREN: I have your answer and Mr.
21 Pryke can address it in reply or re-examination.

22 Q. Ms. Imada, can I ask you to turn to
23 question No. 1 of our interrogatory package. I believe
24 you spoke to this during your oral evidence. Did you
25 write the answer to that question?

1 MS. IMADA: A. The one about wood
2 residues and poplar.

3 Q. Correct.

4 A. Right.

5 Q. That is Exhibit 1094. Now, question
6 1(a) and 1(b), we basically asked how the increased use
7 of poplar and wood residues would affect wood
8 requirements in the mill and the answer attempts to
9 indicate what that affect might be.

10 Would you agree with me that the increase
11 use of residues -- or better species utilization, would
12 you agree with me that that -- the effect of that is to
13 reduce the total area that needs to be harvested or
14 managed to meet mill requirements?

15 A. What I indicated here was that
16 increased use of wood residues really didn't affect the
17 wood requirements of mills. We still need the same
18 amount of wood, it may be coming from a different
19 source.

20 If you are going back in history, I
21 suppose your statement is valid because previously we
22 weren't getting that material so we had to cut all the
23 roundwood to get make whatever we needed.

24 Q. Okay, that's fair enough. With
25 respect to question (c) and (d), we asked about -- we

1 asked how different pulping methods will affect mill
2 wood requirements and essentially the answer indicates
3 that some pulping processes will require less wood or
4 that there is a higher yield associated with these,
5 less wood to achieve the same amount of product?

6 A. That's right.

7 Q. Now, if that's the case, won't those
8 technological changes mean that again we have to
9 harvest or manage less area to meet that requirement or
10 produce a certain level of product?

11 A. That's if a particular mill decides
12 to move from whatever they're doing. While there were
13 advantages from moving, let's say, from stone
14 groundwood to a TMP, thermomechanical pulp, there are
15 also some disadvantages that a mill -- for instance,
16 our mills in Ontario are not thermomechanical, we are
17 still stone groundwood and you really have to weigh out
18 I guess the economic advantages and the age of our
19 systems as to whether they are going to shift over to
20 the new -- to the other process.

21 MS. SALTARELLI: And if I might just
22 interject, Madam Chair. The other thing it does by
23 attaching this new technology and getting more --
24 stretching the wood supply a little bit, it provides
25 Industry the opportunity to expand which may not

1 otherwise be there.

2 This is something that Mr. Macdonald
3 alluded to in his evidence, that the use of recycled
4 fiber, for example, to replace some virgin in effect
5 has increased the company's maximum allowable depletion
6 and gives it the opportunity to expand that it might
7 not have otherwise had.

8 Q. Mr. Saltarelli, my final questions
9 are for you. I, again, on Monday provided your counsel
10 with a copy of this paper. Have you had an opportunity
11 to review it?

12 A. Which paper is that, sir?

13 Q. The Sedjo Article.

14 A. Yes, I will...

15 MR. LINDGREN: I would like to file that
16 as the next exhibit, Madam Chair. An article by Roger
17 Sedjo, S-e-d-j-o, entitled: Economic Wood Supply -
18 Problems and Opportunities: Choices for Canada's Forest
19 Industry and it appears in the February 1990 issue of
20 the Forestry Chronicle.

21 MADAM CHAIR: This is Exhibit 1096.

22 MR. LINDGREN: (handed)

23 MADAM CHAIR: Thank you.

24 ---EXHIBIT NO. 1096: Article by Roger Sedjo entitled:
25 Economic Wood Supply - Problems
and Opportunities: Choices for

1 Canada's Forest Industry.

2 MR. LINDGREN: Q. Now, Mr. Saltarelli,
3 at the bottom of page 32 and continuing on to page 33
4 Mr. Sedjo reviews current and future wood supplies and
5 then in the right-hand column on page 33, paragraph 2,
6 he concludes that:

7 "Hence, while the forest product needs of
8 the future will be provided by a somewhat
9 different mix of forest, all the current
10 sources - old growth, second growth,
11 managed, and plantation forests - will be
12 significant suppliers."

13 I take it you would agree with that
14 assessment?

15 MR. SALTARELLI: A. Where is that, sir?

16 Q. Right-hand column on page 33, the
17 first full paragraph.

18 A. Yes, I would agree with that.

19 Q. The author then goes on to indicate:
20 "Some have envisioned a world in which
21 all the forest is produced from a fairly
22 small area of intensively managed
23 forests. Certainly such a result is
24 technically feasible."

25 Then skipping down a line:

1 "Although this is technically feasible,
2 it is not likely to happen. Rather,
3 intensive plantation forestry
4 will be developed on highly productive
5 sites in good locations. However, many
6 such sites will be bid away from forestry
7 for agricultural uses. Where
8 forests can be grown inexpensively
9 with low establishment costs and few
10 alternative uses for the land, forests
11 will continue to grow. Where access is
12 good, harvest from these forests will be
13 competitive with those of high-investment
14 plantations."

15 Stopping right there. Do you agree or
16 disagree with that statement?

17 A. Yes, I would qualify it, though.
18 Forests will continue to grow but perhaps not to
19 preferred species, and I am wondering if the author is
20 speaking in a global context here as opposed to the
21 context of the boreal forest, which is the major part
22 of the area of the undertaking, which does not have a
23 great deal of agricultural pressure applied to it.

24 Q. Continuing with the final sentence of
25 that paragraph:

1 "The fact is that there is not enough
2 demand in the world to support intensive
3 forestry on all of the world's accessible
4 Timberlands, even if very optimistic
5 views of future demand are assumed."

6 Do you agree with that?

7 A. Well, I don't believe pretend to be
8 an expert in global wood supply and I really can't
9 comment on that.

10 Q. In the next paragraph he discusses
11 the impacts of changing technologies from the impacts
12 that we have discussed during this panel, such as the
13 discovery of orientated strand board and other similar
14 developments.

15 At the bottom of page 33 the author
16 indicates that:

17 "My point here is twofold. First,
18 although income and population are
19 rising, there is no logical reason
20 why industrial wood consumption need
21 increase anywhere near as rapidly. Thus,
22 the argument that demand will outstrip
23 apply is wrong. Second, technology
24 usually finds a way to utilize resources
25 that are in abundance. Hence, the

1 investment costs incurred to establish
2 just the 'right' species composition in
3 the forests may not be justified, given
4 the technology and markets that will be
5 operating at harvest."

6 Do you agree or disagree with that?

7 A. I agree with much of what he is
8 saying here; in other words, technology does tend to
9 adapt to what it has available to work with.

10 But I know, for example, that black
11 spruce is a black spruce and will always be a black
12 spruce and will always be exceeding valuable for its
13 fiber content whether it's now or in the future and
14 that's one of the strengths of the Canadian forest
15 industry, that it has this very fine species to work
16 with, as an example.

17 So just because we are growing whatever
18 preferred species now, it doesn't mean that they will
19 not be preferred in the future. I can't see any way
20 they will not be preferred, there will just be another
21 valuable species out there.

22 Q. In particular, do you agree or
23 disagree with last sentence that appears at page 33,
24 the sentence in which author indicates that investment
25 costs incurred to establish just the right species may

1 not be justified given the change in technology and
2 markets. Do you agree with that assessment?

3 A. No, I don't. It depends how you look
4 at the costs of reforestation, Madam Chair. Some do it
5 in terms of investment costs; whereas others, myself
6 included, view reforestation cost as a cost of doing
7 business.

8 In the natural forest, we are essentially
9 provided with the raw material for free. We incur no
10 cost putting that wood there; whereas we harvest that
11 volume without ever having really spent a penny on that
12 for putting it there.

13 So putting a volume back there, which is
14 a fraction of the cost we generate having derived the
15 benefit of that volume, really to me doesn't constitute
16 an investment in terms of return on investment and
17 pouring money into something and trying to work out the
18 interest rate that has been improved over a rotation
19 and so so on. This is an argument that has been raging
20 for decades, the argument about forest finance and
21 forest investment and, again, I prefer to think of it
22 as the cost of doing business...

23 Q. Continuing on page 34, the last page
24 of this article, the author discusses some of the
25 implications of what's he is saying for the Canadian

1 forest industry.

2 On the left-hand column, the first
3 paragraph under the heading What Does This Mean for
4 Canadian Forestry, the author indicates that there is
5 good news and bad news for the Canadian industry and he
6 writes:

7 "The 'bad news' is that Canada is not
8 competitive in wood production based on
9 forest plantations and intensive
10 forest management. With a few
11 exceptions, Canada's location and climate
12 leave it with a biological disadvantage
13 in timber growth, compared with many
14 regions of the world. Canada cannot
15 compete with timber growing with Brazil
16 or the pine plantations on the US south."

17 Do you agree with that statement in the
18 context of the boreal forest within the area of the
19 undertaking?

20 A. The author is correct in assuming
21 that we do not have the growth rates that are prevalent
22 in Brazil or in southeast U.S., but he's not correct in
23 saying that we cannot compete.

24 The cost of producing a tonne of
25 newsprint in either one of those locations, especially

1 the southeast U.S., is considerably less than producing
2 a tonne of newsprint in Canada. They have the
3 infrastructure of roads there and the wood grows
4 faster, as you say, their harvesting costs less, labour
5 costs less and in some areas power costs less and so
6 on, but still people in the southeast U.S. buy Canadian
7 newsprint and pay the price for it. So we are
8 obviously competing.

9 He has made some general statements about
10 what kind of wood is grown in these regions. Pine, for
11 example, grown in Brazil is not the same as black
12 spruce grown in the boreal forest. I have very limited
13 tropical forestry experience so I can't expand on that
14 issue at length, but Ms. Imada pointed out that a
15 tree -- or wood is not necessarily wood is not
16 necessarily wood, there are different characteristics
17 and the characteristics that are evident in Canadian
18 wood products are at strength. Because we have such a
19 large land base we are in a position to compete very
20 effectively.

21 Q. Do you agree with the authors
22 statement in the last line that:

23 "The 'good news' is that despite that
24 limitation, there is a future in forestry
25 in Canada and that future is dependent on

1 extensive forest management."

2 Do you agree with that?

3 A. No, not across the board. I think
4 there is a lot of room for intensive forest management.
5 If you look at other jurisdictions in the boreal, such
6 an Finland and Sweden, they have essentially
7 forest-based economies and they function very well with
8 the forest-based economies and that is totally
9 dependent on the intensive forest management; they do a
10 very good job of it. So I don't agree with that
11 statement.

12 Q. Well, let me turn very briefly then
13 to the author's concluding statements on the right-hand
14 column at page 34 where the author writes:

15 "In summary, although Canada has little
16 comparative advantage in intensive
17 forestry, it can offset this disadvantage
18 by developing an extensive management
19 approach. This point has been made by
20 Benson (1988). Canada's advantage lies
21 in its vast area of forest land that
22 allow both long rotations and high
23 national harvest volumes."

24 And continuing into the next paragraph:

25 "The above suggests that Canada's

1 forestry future depends on a strategy
2 that relies on (a) low-cost regeneration,
3 and (b) cost-saving efficiencies in
4 harvesting, especially in the old growth
5 forests. This strategy implies that, to
6 the extent that natural regeneration is
7 adequate, it should be relied upon."

8 Do you agree or disagree with that
9 assessment or that prediction?

10 A. I agree but not to the exclusion of
11 intensive management. There is a place for all of this
12 certainly. Extensive management certainly has a place
13 in how we go about managing the area of the
14 undertaking, Madam, Chair, but I don't think that in
15 any way says we should exclude the practise of
16 intensive forest management in any way.

17 Q. And I don't think the author is
18 saying that. He earlier had indicated that yes, there
19 will be wood that will be coming from the intensively
20 managed plantations, but he said the primary strategy
21 is to rely upon extensive forest management and natural
22 regeneration.

23 A. I don't agree with that.

24 Q. You don't agree with that?

25 A. No, I don't.

1 MR. LINDGREN: Thank you, Panel. Those
2 are my questions. I'm sorry I didn't have a question
3 for you, Mr. Pryke.

4 Thank you, Madam Chair.

5 MADAM CHAIR: Thank you, Mr. Lindgren.
6 Mr. Freidin?

7 MR. FREIDIN: I will just set up.

8 Now, Panel, before I begin I think I
9 should advise you all that if I am not mistaken all my
10 questions are for Mr. Saltarelli, so if the rest of you
11 are a bit apprehensive about whether I am going to be
12 asking you questions you can relax.

13 CROSS-EXAMINATION BY MR. FREIDIN:

14 Q. So, Mr. Saltarelli, if I can spend a
15 little bit of time with you, a number of matters of
16 clarification.

17 If we could start by referring to Exhibit
18 1073, which was the exhibits -- the interrogatories
19 which were filed by your counsel, in particular I want
20 to refer you to MNR interrogatory No. 2 which is found
21 at page 3 of that exhibit.

22 MR. SALTARELLI: A. Yes, I have it.

23 Q. You will note that the question asked
24 you whether these sorts of technological advances could
25 be predicted at the beginning of the five-year term and

1 basically you said not in all case, sometimes a
2 technological change may occur within the term, require
3 amendment to your plan, you wouldn't have been able to
4 predict that change at the beginning of the five-year
5 term; is that correct?

6 A. That is correct, yes.

7 Q. I am just wondering, in your answer
8 you described a number of situations or gave some
9 examples of where that might occur, you have a
10 technological change within the term of the plan,
11 within the five-year term but you didn't know about it
12 in advance.

13 My question for you is: In relation to
14 the specific examples that you have cited, could those
15 particular technological changes be accommodated
16 through the amendment process which is being put
17 forward by the Ministry of Natural Resources?

18 A. Yes, the amendment process would
19 accommodate them. Our concern is, Mr. Freidin, that
20 they be accommodated in a timely manner. Again, it
21 depends to a large measure on the urgency of the
22 amendment.

23 Q. And are there any of the examples
24 which you have referred to which you believe would be
25 urgent, so urgent that they would have to be dealt

1 with -- that you would have some concern that the
2 present proposed amendment process would not be able to
3 accommodate them in a timely enough fashion?

4 A. Well, I would cite the requirement to
5 build additional gravel roads. Access is a delicate
6 issue when it comes to planing, it tends to generate a
7 fair bit of discussion that is sometimes controversy,
8 and it's quite possible that if an access plan has to
9 be amended significantly that it may have an effect on
10 a significant number of other user values, and in that
11 case the process could be delayed somewhat given the
12 existing process described in your proposal.

13 Q. Okay. Now, I am not going to be
14 asking you a lot of questions about the amendment
15 process because I understand that panel No. 10 will
16 deal with that in more detail, but can you give me some
17 sense as to what you would have in mind when you use
18 the phrase 'a timely amendment' when you are speaking
19 specifically about this example where additional gravel
20 road construction might be required?

21 A. Timely in that context, Mr. Freidin,
22 would be basically within the time frame required to
23 effect the delivery of volumes in this example such
24 that the mill can go about and execute its
25 technological change.

1 It could very well be that if markets
2 dictate that the brightness of paper must rise
3 significantly in the next couple of months or else you
4 are going to run into some problems marketing our
5 product, then the timely period would be a couple of
6 months. If they say they have to do it in six months,
7 then six months. So that will be dictated by the
8 circumstances.

9 MR. FREIDIN: Now, I would like to file
10 as an exhibit Ontario Ministry of Natural Resources
11 interrogatory No. 3. Perhaps that can be made the next
12 exhibit. (handed)

13 MADAM CHAIR: Thank you. That's Exhibit
14 1097.

15 MR. FREIDIN: There are a number of
16 interrogatories here, Madam Chair, maybe they should
17 all be marked as an exhibit; MNR No. 3, MOE No. 7 and
18 MOE No. 10.

19 ---EXHIBIT NO. 1097: MNR interrogatory question No.
20 3, MOE interrogatory Nos. 7 and
21 10 and answers thereto (Panel
 3).

22 MR. LINDGREN: I am sorry, Madam Chair,
23 what was the exhibit number for this?

24 MADAM CHAIR: Exhibit 1097, these three
25 interrogatories.

1 MR. LINDGREN: Thank you.

2 MR. FREIDIN: Q. Have you had a chance
3 to look at that, Mr. Saltarelli?

4 MR. SALTARELLI: A. Yes, I have.

5 Q. The interrogatory again deals with
6 this question about the need for flexibility and the
7 timeliness of amendments and the question asked:

8 "In relation to the discussion about
9 changing market demands during any
10 planning period (or even during any given
11 year) and changing wood supply
12 requirements for a mill, and the
13 potential for these events to result in
14 the need for plan amendments, to what
15 degree is this concern mitigated by..."

16 and a) says:

17 "the ability to undertake planning for
18 the full MAD for each working group/
19 forest unit..."

20 You indicate in part of answer (a), I am
21 going about halfway down, halfway down (a), you say:

22 "Furthermore, the extent of flexibility
23 which the allocation of the full MAD
24 provides will be dependent on the amount
25 of MAD which is surplus to a company's

1 requirements and whether or not all or
2 part of that surplus is allocated to
3 a third party."

4 Going back to some of the questions which
5 were asked by Mr. Lindgren, I guess we can agree that
6 the full maximum allowable depletion is not at the
7 present time fully harvested by every company on every
8 management unit?

9 A. That is correct.

10 Q. That what you do in a management plan
11 is you calculate the maximum allowable depletion and
12 you may then indicate in your plan that the level of
13 harvest that you plan to undertake is somewhat less
14 than the maximum allowable depletion?

15 A. Yes.

16 Q. And that difference between the
17 maximum allowable depletion and what you indicate you
18 actually plan to harvest shows up in Table 4-16 as
19 surplus, it's called surplus at that particular point
20 in time?

21 A. That's right.

22 Q. And I understand--pardon me?

23 A. The bottom line.

24 Q. The bottom line?

25 A. Table 4-16.

1 Q. And I understand that you or the
2 industry has concern that in each case it may be
3 surplus for that five-year period, but having regard to
4 the projection of the wood supply in your management
5 units it may not be surplus even over the medium term
6 and you would want to retain that surplus, not for
7 harvest this five years, but maybe the next five or the
8 five years after that?

9 A. Absolutely right.

10 Q. And am I correct that the timber
11 management planning process provides the opportunity
12 for industry to in fact make the point that it wishes
13 to retain that bottom line surplus for the next five
14 years or the five years after that?

15 A. Yes, sir, you are correct.

16 Q. Now, if we could go to the question
17 (b), the question was:

18 "...the ability to undertake planning for
19 contingency areas....", pardon me.

20 "Is this concern mitigated by the ability
21 to undertake planning for contingency
22 areas?"

23 And you made reference to contingency
24 areas, the ability to undertake planning for
25 contingency areas also helps mitigate industry's

1 concerns about plan amendments. You also say:

2 "However, by definition, maximum
3 contingency area allowed for allocation
4 is equivalent to the area required to
5 sustain harvest operations for a period
6 of one year which is in some situations
7 in sufficient to prevent frequent plan
8 amendments."

9 And then you refer to Panel No. 10 is going to deal
10 with that particular matter.

11 Am I correct that the point that you are
12 making in the answer is not that you are really asking
13 for or suggesting a change in the process being
14 suggested by the Ministry in terms of having a
15 contingency area of one year, but rather what you are
16 looking for is the flexibility to go beyond one year in
17 terms of the contingency area if, during the planning
18 process, you can justify that there is good reason to
19 go beyond that one year?

20 A. Yes. We believe the contingency area
21 provision is a good one. We are concerned only with
22 the scope of flexibility it provides. The answer to
23 your question is yes.

24 Q. And so that is something that the
25 industry sees that might be addressed during the

1 planning process. In other words, if you felt that the
2 one year wasn't sufficient when you were doing your
3 planning you would bring that attention or raise that
4 issue during the planning process and that would in
5 fact -- you are looking for something that says, yes,
6 you can go beyond the one year where you can
7 rationalize it, that is a wise thing to do?

8 A. Yes, and that will be dealt with in
9 Panel 10.

10 Q. Okay. Now, in relation to Panel No.
11 10 I want to see if I can shorten a number of my
12 questions on the basis that they will be dealt with in
13 Panel No. 10. And you were being asked questions in
14 relation to one of the other interrogatories, but you
15 mentioned a number of things.

16 And I will read them and you just tell me
17 whether they will be dealt with in 10 and I, therefore,
18 can avoid cross-examination in this panel.

19 That the plan author should host an open
20 house?

21 A. Yes.

22 Q. That there will be terms and
23 conditions referring to the local advisory committee?

24 A. Yes.

25 Q. Carryover?

1 A. Yes.

2 Q. Need for flexibility for contingency
3 areas?

4 A. Yes, sir.

5 Q. Public input?

6 A. Yes.

7 Q. And if we go back to Exhibit 1073,
8 Interrogatory No. 1 from the Ministry of Natural
9 Resources, I think that will be page --

10 MR. CASSIDY: Page 6.

11 MR. FREIDIN: Page 6.

12 MR. CASSIDY: Page 6, Madam Chair.

13 MR. SALTARELLI: Yes, I have it, Mr.
14 Freidin.

15 MR. FREIDIN: Q. And if you look at the
16 last paragraph it refers to a number of matters, again
17 the same question:

18 "Will these matters be dealt with in
19 Panel No. 10?" That is, the ability to
20 change or improve silvicultural methods -- wood supply
21 operation alternatives including the ability to change
22 or improve silvicultural methods. Will that be dealt
23 with in Panel No. 10?

24 MR. SALTARELLI: A. Yes, Panel 10 is
25 going to refer to the use of silvicultural guidelines

1 and how they are applied. So in that respect, yes, it
2 will be dealt with in Panel 10.

3 Q. Okay. Provisions to adjust the
4 location or extent of harvesting and renewal operations
5 in response to unpredictable events. In terms of the
6 planning that is required when those situations occur,
7 will that be dealt with in Panel No. 10?

8 A. I believe so.

9 MR. CASSIDY: My information is that will
10 be dealt with, and the harvest panel will be dealing
11 with that to some extent as well. So I think there are
12 a couple of opportunities.

13 MR. FREIDIN: Then I won't take the time
14 of this panel to deal with it.

15 Q. I would like to ask you some
16 questions about the subject matter of wood supply
17 modeling. You referred to a number of different models
18 OWOSFOP, FORMAN, NORMAN, HSG. Should your evidence be
19 taken as indicating that OWOSFOP should be scrapped?

20 A. No, sir, not at all.

21 Q. And why not?

22 A. The OWOSFOP algorithm, Madam Chair,
23 is -- in essence sawmilling is based upon a fairly
24 well-known dataset that can be quantified and
25 rationalized and verified. The algorithm itself is - I

1 guess Baskerville called it exactly right on - it is a
2 relatively easy model to use, it can run on a micro-
3 computer with very little random access memory as long
4 as it has a micro-chip, an 8087 MATHCO processor
5 installed.

6 So, therefore, it's essentially
7 accessible to everybody and it does provide, as long as
8 it's used in a spacial context with maps and ledgers
9 and so on, it does provide a reasonable look at wood
10 supply out into the future. If you scrap OWOSFOP you
11 have nothing to replace it that is readily accessible
12 to everybody.

13 Q. Okay. We will get into the issue
14 about in the future perhaps being able to change what
15 is used across the board, but at present time, as I
16 understand, it is your evidence that OWOSFOP is a good
17 model to be used across the board at the present time?

18 A. If it's the Ministry intention, and
19 it would be a good one I suppose, to provide a
20 comparison across the board, then OWOSFOP would be the
21 model that would be best to fill that requirement, in
22 my opinion.

23 MADAM CHAIR: Excuse me, Mr. Freidin, we
24 will be taking a break shortly.

25 MR. FREIDIN: Shortly. Can I just ask

1 one question on this one?

2 MADAM CHAIR: (nodding affirmatively)

3 MR. FREIDIN: Q. Is having a basis of
4 comparison in your view a desirable thing?

5 MR. SALTARELLI: A. Yes, I think so,
6 although management units are different and it will be
7 difficult to relate the output of OWOSFOP from one end
8 of the province to another, at least one thing that you
9 can be sure about, Madam Chair, is that the algorithm
10 used is exactly the same in either case and you can, to
11 that extent, compare the two.

12 MR. FREIDIN: I am sure I do have a
13 number of questions here. It will take a bit longer
14 than I think we might want to wait for a break, so this
15 would be an appropriate time to break.

16 MADAM CHAIR: Back in 20 minutes.

17 ---Recess taken at 10:10 a.m.

18 ---On resuming at 10:30 a.m.

19 MADAM CHAIR: Please be seated.

20 MR. FREIDIN: Q. Mr. Saltarelli,
21 continuing the questioning in relation to wood supply
22 modeling. In relation to the HSG model, Madam Chair
23 asked you whether you spent any time running the
24 OWOSFOP model for comparison and your answer was that
25 indeed you did run the OWOSFOP model for comparison.

1 And could you just explain why you did
2 that?

3 MR. SALTARELLI: A. The OWOSFOP model --
4 actually it was a variation of OWOSFOP, it was a MAD
5 CALC.

6 Q. Yes.

7 A. Which was produced by MNR to make
8 OWOSFOP a little more user friendly. It uses Lotus 1,
9 2,3 spread sheet as a point of clarification. The
10 output is similar. The algorithm is very similar as
11 well.

12 We ran MAD CALC as a matter of course to
13 produce our TMP for the Iroquois Falls Forest
14 recognizing that HSG would not be available in time to
15 run for our Iroquois Falls Forest. So we had that run
16 available to us just as a matter of course.

17 Q. And in relation to some of the newer
18 models which are being developed, and if I can start
19 with the FORMAN and the NORMAN models, can you confirm
20 for me or for the Board that the Ministry of Natural
21 Resources is active in the research and development of
22 those models?

23 A. The Ministry of Natural Resources
24 produced the NORMAN model based upon the FORMAN model.
25 Now, most of the work was done by a clever young man by

1 the name of Grant Howard who worked for the Northern
2 Region, he's no longer there. It was done by MNR.

3 Q. I am sorry?

4 A. It was done by MNR.

5 Q. Right. Now, you also referred to
6 certain work being done in relation to HSG. And could
7 you confirm for me that work is being done in relation
8 to that particular model jointly by the people at
9 Petawawa, which is the Forestry Canada Research
10 Institute, MNR and industry together?

11 A. Yes, HSG was in essence produced by
12 that particular combination PFNI, MNR and industry.

13 Q. Can you describe the cooperation
14 between those various groups, what they are doing, and
15 particularly the various roles that the three parties I
16 mentioned play or are playing in the development of
17 HSG?

18 A. The Forestry Canada job was
19 essentially producing the algorithms, it's very
20 complex, and relating it to GIS specieality and
21 technology.

22 MNR and industry actually worked
23 hand-in-hand defining the expert systems that would be
24 incorporated into HSG. We provided the growth and
25 development curves. MNR did those essentially by

1 themselves in consultation with industry. We provided
2 the expert dataset on harvesting, renewal, access and
3 so on.

4 Q. Okay. And did I understand your
5 evidence correctly that although there are very few
6 areas in the province at the moment that are using HSG
7 or even have the expertise to use it at the present
8 time, that it is being used on the Iroquois Falls
9 Forest?

10 A. It was used on the Iroquois Falls
11 Forest to determine long-term wood supply. Those data
12 will be made available to the Ministry of Natural
13 Resources as soon as we can get together to discuss
14 them.

15 Q. And did I understand your evidence
16 that GIS is an essential ingredient to in fact use HSG?

17 A. Yes, it's impossible to use it
18 without it.

19 Q. And am I correct that GIS involves
20 the digitization of the FRI?

21 A. That is correct.

22 Q. And am I correct that the
23 digitization of the FRI for the Iroquois Falls Forest
24 was done by MNR?

25 A. You are correct.

1 Q. Without that work having been done it
2 would have been impossible for HSG then to be put into
3 operation or be operated on the Iroquois Falls Forest?

4 A. That is right. That is primarily the
5 reason why Iroquois Falls Forest was chosen to form the
6 basis of HSG because it was the first digitized FRI
7 produced by the Ministry of Natural Resources.

8 Q. Okay. Now, there has been some
9 reference in earlier panels of the Ministry about a
10 study going on in the Plonski Forest. Now, I am just
11 wondering, are you aware as to whether any of the work
12 going on there is related to either GIS or wood supply
13 modeling?

14 A. Oh, yes, absolutely. Plonski -- I
15 sit on the technical advisory committee for the Plonski
16 Forest project and, to a very large measure, the system
17 being developed - which is, Madam Chair, called a
18 decision support system - is based on GIS technology
19 and wood supply analysis, I should add.

20 Q. And you indicated in your evidence
21 that the OWOSFOP model is a model which is called for
22 in the timber management planning manual. Is that
23 correct?

24 A. Yes, as a minimum.

25 Q. As a minimum. But that you feel that

1 it is important that industry be allowed to use other
2 models for purposes of decision-making, if on the one
3 hand it uses OWOSFOP and does those runs as required by
4 the manual, but also can rationalize using the other
5 models, say for instance the example you used, FORMAN?

6 A. Yes. I think one of the weaknesses
7 of OWOSFOP is its relationship back to volume, and we
8 are interested in managing volumes so we think it is
9 important to be able to run another model that
10 regulates on a volumetric basis and compares the
11 OWOSFOP output, but certainly have that provision to
12 look at the volume flow on that level.

13 Q. And can you advise me: Does the
14 timber management planning process being followed at
15 the present time permit industry to in fact use models
16 other than OWOSFOP for the purpose of decision-making?

17 A. Yes. I can think of two plans
18 explicitly that have just been submitted or approved -
19 I am not sure what the status is - but one was for
20 Kimberly-Clark at Long Lac and the other was for Spruce
21 Falls Power and Paper at Kapuskasing. Both plans
22 recently submitted -- used FORMAN as a basis for
23 regulation.

24 Q. But they would both have been
25 required to do the OWOSFOP runs for the comparison

1 purposes?

2 A. Both in OWOSFOP and as an appendix,
3 OWOSFOP runs.

4 Q. Now, in relation to HSG did I
5 understand you to describe HSG as state-of-the-art?

6 A. Yes, I did.

7 Q. That it is not used in many places at
8 the present time?

9 A. As far as I know it has been used
10 only once and that was for Iroquois Falls.

11 Q. And that it needs certain expertise
12 to operate which is not generally available everywhere
13 in the province?

14 A. That is correct.

15 Q. And you indicated that you need GIS,
16 or putting it another way, you can't have HSG without a
17 GIS?

18 A. That's correct.

19 Q. I believe you also said that growth
20 and yield data is the most limiting factor for HSG?

21 A. Yes, HSG doesn't have any intrinsic
22 understanding of how forests perform, Madam Chair, it
23 depends upon the so-called expert rule base to
24 determine what happens in any particular situation.

25 And this is one of the things - to harken

1 back to Plonski - one of the things that Plonski
2 attempts to address is growth and yield and apply that
3 to a modeling framework.

4 Q. Now, you mentioned two things; GIS is
5 necessary, growth and yield data is necessary. You
6 have mentioned GIS is being addressed on the Plonski
7 Forest project. Are you aware as to whether government
8 or industry is addressing the issue of GIS in any other
9 areas or any other way?

10 A. Yes. GIS is fast becoming a tool
11 used in any sort of management planning of the forest,
12 not so much for wood supply planning but the ability to
13 produce maps and arrange data and manage data very
14 effectively. The biggest strengths of GIS is that one
15 can manage massive datasets very easily and very
16 quickly.

17 Q. All right. And in relation to the
18 growth and yield requirement, you indicated that there
19 is some work being done in the Plonski study in
20 relation to that matter. Are you aware of growth and
21 yield data being addressed by either the Ministry or
22 the industry or perhaps the two combined in other
23 areas?

24 A. Yes. The Ministry has - I am not
25 sure if committee is the right word - it has struck a

1 committee across the province using their best forestry
2 brains to come up with a growth and yield strategy and
3 I have been personally invited to become involved with
4 that strategy. So I know that Ministry is getting
5 industry involved.

6 Q. The Ministry of Natural Resources
7 have filed draft terms and conditions that were marked
8 as Exhibit 700 and I don't -- if you have them, perhaps
9 you could--

10 A. Just give me a moment.

11 Q. --pull them out.

12 MR. CASSIDY: Sorry, these are the
13 Ministry's...?

14 MADAM CHAIR: Mr. Freidin, does the Board
15 need its copy?

16 MR. FREIDIN: I don't think so.

17 MR. SALTARELLI: Thank you for waiting.

18 MR. FREIDIN: Q. Have you got those?

19 MR. SALTARELLI: A. Yes, I do.

20 Q. Would you turn to page 21 to term and
21 condition 48.

22 A. Yes.

23 Q. It states that:

24 "MNR shall continue its examination of
25 the potential for improved

1 decision-making through case studies
2 designed to assess the potential
3 applications of decision support
4 technology such as geographic information
5 systems and computer based modeling. The
6 case studies will examine the potential
7 to integrate database pertinent to timber
8 and other resource values."

9 Is that a term and condition which the
10 industry supports?

11 A. Yes, I think we are on record in own
12 our evidence in this panel saying that we support that
13 fully.

14 MR. CASSIDY: I can also indicate, Madam
15 Chair, that there is an identical term and condition 48
16 in our draft terms and conditions which reflects our
17 agreement with respect to this particular term, and
18 that condition that is found on page ironically 48 of
19 our terms and conditions for your future reference.

20 MR. FREIDIN: All right. And without
21 taking the time to read it. At term and condition 51
22 the Ministry of Natural Resources speaks about
23 undertaking a provincially co-ordinated program in
24 relation to forest growth and yield.

25 And I understand that you have in fact

1 supported that term and condition by incorporating it
2 in your own term and condition which is term and
3 condition 49. Is that right, Mr. Cassidy?

4 MR. CASSIDY: That is correct, Madam
5 Chair.

6 MR. FREIDIN: Q. Well, in relation to
7 this matter or something which I believe is related to
8 this matter, could you turn to page 41 of the statement
9 of evidence which is Exhibit 1072.

10 MR. SALTARELLI: A. Yes.

11 Q. This section begins on page 39 and is
12 in relation to timber resource regulation and
13 allocation so it deals with the matter of modeling and
14 therefore involves, through your evidence, the question
15 of growth and yield and GIS; is that correct?

16 A. That's right.

17 Q. And on page 41 you say that -- let's
18 go to the bottom of page 40, the very bottom you start:

19 "It is the industry's position that the
20 evolution of models for the purpose of
21 regulating timber resources within the
22 area of the undertaking should be
23 directed towards the stand level using
24 volume and area rather than area alone as
25 the basis of determining maximum

1 allowable depletion in timber services.
2 Towards this end industry supports
3 efforts to improve the understanding of
4 forest stand dynamics and area and the
5 manner in which timber inventory data are
6 captured and recorded."

7 A. Thank you for the editorial.

8 Q. Changing the 'is' to 'are'?

9 A. That's right.

10 Q. The reference to industry supporting
11 efforts to improve the understanding of forest stand
12 dynamics and the manner in which timber inventory data
13 are captured and recorded, am I correct that the intent
14 of that is to support the two terms and conditions that
15 I have just referred to?

16 A. Yes, sir.

17 Q. The terms and conditions in relation
18 to GIS and growth and yield?

19 A. Yes, sir.

20 Q. That the industry should not be taken
21 then by that last sentence to be suggesting that they
22 are suggesting something new, rather they are just
23 confirming that the suggestion made by the Ministry in
24 its terms and conditions is supported by the industry?

25 A. We left a little open ended, I think

1 we would like to see what the Ministry strategy is in
2 its provincial growth and yield initiative and we would
3 like to contribute to that.

4 Q. All right, thank you. And I
5 apologize if this is a bit repetitious, but I think the
6 point is important, Mr. Saltarelli.

7 In relation to HSG, you said it was a
8 great leap forward, it was the first time that spacial
9 dimensions were introduced into wood supply modeling in
10 Ontario. You may have answered this already, but I
11 will ask you anyway. Why don't you just introduce it
12 now everywhere?

13 A. Because there has to be a period of
14 technology transference. Brand new technology, Madam
15 Chair, is not something like developing a hammer where
16 you have a tool that is developed and you give it to
17 somebody and say: Here, use it and you can use it
18 right away.

19 HSG is a much more complicated tool than
20 that, and it will require some form of training and
21 promotion before its used extensively.

22 Also there is the question of the digital
23 database that is available to run HSG. It's not
24 universally available now. I don't know how long it
25 would take to digitize the entire province, but it

1 would be a formidable task with a very large price tag
2 attached to it.

3 Q. Now, you were asked -- you were asked
4 why industry was interested in developing new methods
5 of yield regulation. You gave a number of reasons why
6 industry was interested in that matter, and then you
7 said - and I believe I have your words accurately - you
8 said:

9 "The planning process must accommodate
10 changes in modeling technology but it
11 can't keep up with it."

12 And can you explain what you meant by
13 that?

14 A. What I meant, Mr. Freidin, Madam
15 Chair, the planning process in essence takes a great
16 deal of time to devise and to design and to approve,
17 this hearing is witness to that.

18 GIS and wood supply modeling is not going
19 to wait for that process, it's just going to keep on
20 going, keep on progressing through time, and the way
21 technology is moving these days, what is
22 state-of-the-art today quickly becomes obsolete perhaps
23 only a few months down the road.

24 So it is going to progress at its own
25 pace and I believe a much more rapid pace than

1 development of planning technologies.

2 Q. And could you indicate why you were
3 making that point?

4 A. I think because the question was
5 posed to me that should we not just stop the planning
6 process or try to adjust the planning process so that
7 it fits the modelling expertise that we now have, and
8 the point was that by the time we got around to doing
9 that the technology would change such that the
10 modelling expertise at the time would be obsolete.

11 Q. I take it then that you don't believe
12 - that it is an advisable thing to, in fact, mandate a
13 specific model, one of these new models, FORMAN, HSG,
14 that that be mandated, something which must be in fact
15 incorporated into all timber management planning?

16 A. Well, OWOSFOP is mandated, for
17 example.

18 Q. Yes.

19 A. It may be appropriate to mandate the
20 use of something like FORMAN, but only on the basis --
21 the same basis that OWOSFOP is mandated, as a minimum
22 or something to that effect.

23 I think one has to have the opportunity
24 to use a better tool if it's available to him or her
25 and if you mandated the use of a single tool or two

1 tools or three or what have you, then those new tools
2 that may be a lot more effective are out of the reach
3 of forest managers, so it would be a very poor idea I
4 think to mandate the use of a single tool.

5 Q. Thank you. If I could then move on
6 to a different area, a number of some smaller areas.
7 In relation to the issue of forest resources inventory
8 and whether operational cruises were necessary in all
9 cases, I believe you indicated that that decision is a
10 professional judgment that should be left to the forest
11 managers. Did I understand your evidence correctly?

12 A. Yes, that's correct.

13 Q. And do you believe it's reasonable to
14 leave that decision to the discretion of the forester?

15 A. Yes, I do.

16 Q. And why do you believe that's the
17 case?

18 A. Essentially the professional forester
19 has very specialized training in making decisions such
20 as those. He has access to information on the resource
21 he intends to manage or that particular piece of the
22 resource he intends to manage.

23 He is probably in the best position given
24 that he has helped to establish the plans and
25 objectives toward managing that forest to decide

1 whether or not the information he has available to him
2 is adequate to effectively satisfy those management
3 plan objectives and strategies.

4 If it were to be mandated that he must go
5 out and collect data - and I think that's what you are
6 getting at - it may be something that can't be
7 rationalized in terms of need or cost or what have you.
8 If you don't need the information it makes little sense
9 to have to go and collect it.

10 Q. Okay, thank you. There was
11 discussion yesterday with Mr. Lindgren about inoperable
12 areas and uneconomic areas. You will recall he was
13 asking you about the ability to, in fact, identify
14 those areas in advance of preparing your plan and there
15 were a number of questions along those lines. Do you
16 recall that?

17 A. Yes.

18 Q. Now, some of that questioning -- in
19 that questioning he was suggesting that if an area is
20 inoperable or it is uneconomical, perhaps it should be
21 taken out of the MAD land base. Do you recall that
22 line of questioning?

23 A. Yes, he did.

24 Q. Now, you gave an example of an area
25 which might be both inoperable and uneconomic and the

1 example you gave was an area where the stand was
2 uneconomic to harvest because it was at an age where it
3 was deteriorating and the volume you were going to get
4 out of it -- the good volume just wasn't high enough,
5 you also said the same stand, because of its age, the
6 trees had actually fallen down, might make the area
7 inoperable because of this hazard for people working in
8 the area.

9 A. Yes.

10 Q. Now, in that particular example where
11 you had an area that was identified as inoperable and
12 uneconomic for the reasons you suggested, would it be
13 fair to say that a rotation from then that that area
14 might be very operable and very economic?

15 A. Absolutely. I thought that was the
16 point I was attempting to make.

17 Q. And in that case, therefore, it would
18 be a very unwise thing to do, to say because it was
19 deemed to be inoperable or uneconomic it should come
20 out of the MAD land base?

21 A. That's correct.

22 Q. You have to look at the reasons that
23 an area -- in that particular case, the reasons that
24 that area was inoperable or uneconomic wouldn't justify
25 such a result to take it out of the MAD lands?

1 A. Yes.

2 MR. MARTEL: Can I ask you a question
3 then, Mr. Freidin, on that point.

4 How does it become -- if you don't cut
5 if, harvest it, you just allow it to lay there which
6 means you don't try to regenerate it, what would
7 trigger making it both operable and economic in the
8 next rotation?

9 MR. CASSIDY: Mr. Saltarelli --

10 MR. FREIDIN: Mr. Saltarelli may be able
11 to answer that.

12 MR. SALTARELLI: This would be a natural
13 sequence of things.

14 MR. MARTEL: It would just be natural
15 regen.

16 MR. SALTARELLI: If you look at the
17 forest existing now, it has not received any sort of
18 silvicultural intervention but it's still there. So it
19 has gone through a natural progression of establishment
20 and growth and decline and it has fallen down or burnt
21 down and bugs have eaten it or what have you, a new
22 forest has resulted and that's just a natural sequence
23 of events.

24 So we can expect that -- for example, a
25 black spruce stand or a jack pine stand that is in the

1 last stages of decline of some essence and about to
2 fall down will be the precursory to a new stand to be
3 established by nature.

4 I think the point that was being made
5 there at that particular stage of the cross-examination
6 was that we support the position that land should be
7 withdrawn from the land base if they are going to be
8 withdrawn permanently from timber production.
9 That 'permanent' in my mind means forever and I gave
10 the example of perhaps some silvicultural feature that
11 has importance, such as a burial site or a dog effigy
12 or something that we know we should not be anywhere
13 near that.

14 MR. CASSIDY: I am just curious, Madam
15 Chair, what is a dog effigy?

16 MR. SALTARELLI: A dog effigy is an
17 effigy of a dog and that means a representation of a
18 dog. There are several in this areas, Dog lake has
19 some; hence, the reason why it is called Dog Lake and
20 that's just over here a little ways. It is usually
21 made with rocks and it is most easily seen from the air
22 for some reason, but that's exactly what it is. It has
23 some sort of religious significance for the indigenous
24 peoples.

25 MR. CASSIDY: Thank you.

1 MR. FREIDIN: Q. A very short technical
2 matter, Mr. Saltarelli, but I would just like to ensure
3 that it is clear in my mind.

4 You were talking about maximum allowable
5 depletion, I think you said hypothetical maximum
6 allowable depletion of a thousand reserves identified
7 of 150 hectares and, therefore, maximum allowable
8 depletion would be 850?

9 A. Maximum harvest would be 850.

10 Q. Right. And that's an area where the
11 maximum allowable depletion stays at a thousand?

12 A. Still a thousand.

13 Q. The maximum that you could harvest
14 would be 850?

15 A. That's correct.

16 Q. Thank you. Forests for Tomorrow
17 Interrogatory No. 8 and the Ministry of the Environment
18 interrogatory No. 7 deal with rotation ages.

19 Now, MOE No. 7 --

20 MR. CASSIDY: Do you know where those are
21 filed?

22 MR. FREIDIN: MOE No. 7 is found in the
23 exhibit that I filed.

24 MR. CASSIDY: That's 1097.

25 MR. FREIDIN: In 1097.

1 MR. CASSIDY: Is it the second page?

2 MR. FREIDIN: Yes. And Forests for
3 Tomorrow No. 8 is contained in the exhibit which
4 contains all of their --

5 MR. CASSIDY: That's Exhibit 1094, Madam
6 Chair.

7 MR. FREIDIN: Thank you.

8 MR. SALTARELLI: Thank you, I have it.

9 MR. FREIDIN: Q. Mr. Saltarelli, both of
10 those interrogatories deal with rotation ages and at
11 least one raises the issue about whether there should
12 be some universal rule regarding rotation ages being at
13 the biological optimum or some other particular level.

14 And could you explain to me the general
15 response of the Industry to the suggestion that there
16 be a universal rule regarding what rotation age should
17 be?

18 MR. SALTARELLI: A. All right. I should
19 first attempt to explain what biological optimum means
20 in terms of rotation. It means the culmination of
21 mean annual increment and current annual increment. I
22 am not sure if the Board is familiar with that.

23 Q. Dr. Osborn drew a whole bunch of
24 graphs in Panel No. 3 and explained it in a very loud
25 manner.

1 A. All right. I will continue in that
2 manner, if I may. That culmination tends to be fairly
3 early on in the development of the stand. There is a
4 very rapid increment put on soon after stand
5 establishment and as a stand starts to get older the
6 increment starts to slow down.

7 So from the standpoint of getting the
8 most volume from an area in the shortest period of
9 time, biological rotation makes sense, but the size of
10 the trees may be such that they are not usable for
11 anything, so we do not support biological rotations
12 across the board.

13 I should clarify, I mean biological
14 optimum.

15 Q. All right. A desire for a certain
16 size of logs for sawlog purposes would be an example of
17 where you may want to, in fact, not harvest at the
18 biological optimum?

19 A. That would be a very good example.

20 Q. Okay. Also as part of Exhibit No.
21 1097 I have filed Ministry of the Environment
22 interrogatory No. 10, and the Ministry asked a specific
23 question:

24 "The evidence has identified constraint
25 on flexibility to include: restrictions

1 on the land base in the form of reserves;
2 restrictions on the amount of harvests in
3 the form of AOC's and modified
4 operations; and requirements for
5 plan amendments."

6 In sub (b), the question (b) says:
7 "Does the industry view its approach to
8 wood supply as being contrary to or
9 consistent with the approach taken by
10 MNR?"

11 The answer that was put there was:
12 "Industry's approach to wood supply,
13 while different, is not contrary to
14 the approach taken by MNR. Industry
15 tends to approach wood supply on a mill
16 availability basis in terms of volume,
17 while MNR approaches wood supply from a
18 regional and provincial standpoint, in
19 terms of area more than volume. Both
20 approaches, if coordinated, are
21 consistent with one another."

22 Mr. Saltarelli, are you suggesting by
23 this answer that the Ministry of Natural Resources does
24 not address either the needs of specific mills or the
25 volumes of wood harvested?

1 A. No. The Ministry obviously has to be
2 cognizant of industrial demands in order to manage the
3 land base entrusted to it. What I meant by this
4 statement was, from my perspective working in industry
5 I am aware of all the different sources of wood fiber
6 for a mill for which I manage a particular piece of the
7 forest.

8 The particular piece of the forest that I
9 manage supplies only a portion of those volumes, we
10 also -- we buy roundwood volumes on the open market
11 from two dozen perhaps small jobbers, we buy chips from
12 a variety of sawmill sources and most of this type of
13 wheeling and dealing is done amongst companies.

14 I don't think the Ministry is really
15 privy to that kind of activity. So, no, I didn't mean
16 to imply that you are ignorant to what's going on as
17 far as the mill supply basis is concerned.

18 Q. So can I take it then that the intent
19 really is to say, in terms of wood supply on a mill
20 availability basis you are saying that the Industry
21 that runs the mills goes into that particular subject
22 matter perhaps in a little bit more detail than the
23 Ministry?

24 A. That's correct. There are
25 situations, of course, when the Ministry's intervention

1 in wood supply for a mill is solicited very actively if
2 a mill, for example, sees a problem with acquiring wood
3 supply the Ministry will become very involved with the
4 same kind detail that I've just explained.

5 Q. All right. And I take it then that
6 your comment and the answer which indicates that:

7 "...MNR approaches wood supply from a
8 regional and provincial standpoint..."
9 doesn't mean that it looks at wood supply from that
10 perspective only, but rather that it looks at wood
11 supply from that perspective in more detail than
12 Industry might?

13 A. Yes, it would, because Industry may
14 be more concerned with the wood supply for its own
15 mills or set of mills; whereas the Ministry is more
16 concerned about supporting the Industry over a broad
17 base.

18 Q. And if the Ministry is concerned
19 about wood supply from a regional and provincial
20 standpoint and having a handle on that which allows it,
21 as I understand it, to get involved on a mill basis,
22 when a mill may have a problem with supply it would
23 make suggestions as to where wood may be obtained in
24 order to deal with it, perhaps there's a shortfall in
25 the immediate vicinity of the mill?

1 A. That's correct. For example, the
2 Ministry is aware of the volumes that we are cutting on
3 the Iroquois Falls Forest and delivering to our mill at
4 Iroquois Falls and the Ministry has a good idea of the
5 volumes that that limit can sustain over a longer
6 period of time, so it can look upon that limit as a
7 potential source of fiber for another mill.

8 Q. Okay. Some questions arising out of
9 today's cross-examination. Could you look at Forests
10 for Tomorrow interrogatory No. 6 that again is part of
11 1094.

12 A. Yes, I have it, Mr. Freidin.

13 Q. Now, this is the interrogatory which
14 indicates that at the particular point in time to which
15 it relates the companies indicated they were not
16 harvesting the full maximum allowable depletion?

17 A. Yes.

18 Q. Mr. Lindgren asked you a number of
19 questions about that particular interrogatory because
20 he wanted to suggest that the comment that you have on
21 page 42 of your witness statement, the bold type in the
22 first three lines was somewhat inaccurate or
23 misleading; is that correct?

24 A. That's the intention I believe he
25 had.

1 Q. Now, I want to just leave aside for
2 the moment the merits of what Mr. Lindgren was
3 suggesting to you.

4 A. All right.

5 Q. For the purposes of my question I do
6 want to that aside. Could you advise me whether the
7 information contained in the answer to interrogatory
8 No. 6 indicates, at the time period to which it refers,
9 that because the Industry is not harvesting the MAD it
10 can be taken as documentary evidence that in those
11 particulars cases the Industry is not overharvesting?

12 A. In relation to the MAD, I believe
13 this is documentary evidence that the Industry is not
14 overharvesting.

15 Q. In fact, it would be difficult --
16 thank you very much.

17 There was also some discussion about --
18 well, in relation to that cross-examination by Mr.
19 Lindgren, you were making the point, as I understood
20 it, that just because you have a large MAD now and you
21 are not harvesting it all, that doesn't mean in the
22 future to leave all that area in your land base, that
23 doesn't mean that in the future that the situation will
24 be exactly the same?

25 A. That doesn't mean that at all, and I

1 think what I would like to do with your permission,
2 Madam Chair, is provide a short schematic on this
3 tripod here.

4 Q. Okay.

5 MADAM CHAIR: Go ahead, Mr. Saltarelli.

6 MR. CASSIDY: We have got a board but no
7 marker.

8 MADAM CHAIR: We have a green marker.

9 MR. SALTARELLI: Now this is simplistic.

10 MR. CASSIDY: Can the Board see?

11 MADAM CHAIR: Yes.

12 MR. SALTARELLI: Is that pillar in your
13 way?

14 MADAM CHAIR: No.

15 MR. SALTARELLI: If this is a graph of
16 area on the "y" axis over age and this is your general
17 age-class distribution of the forest - this is very
18 similar to the situation in New Brunswick, for
19 example - MAD has a tendency so caricature that curve.
20 It is kind of a mirror image; in other words, it will
21 be weighted according to what's available.

22 There will be a large availability of
23 volume at the beginning and little in the middle and
24 more at the end according to the age-class
25 distribution.

1 The whole point of regulation of the wood
2 supply, if this is your demand line here - and that's a
3 large assumption, it is constant, it is horizontal -
4 you can see by that very basic diagram that there is
5 going to be a problem developing at some stage in the
6 wood supply.

7 Your MAD at the beginning of the period
8 is going to be high because of this overmature age
9 class here, it's going to be low because the age
10 classes are not mature in that stage and it's going to
11 be high again once the young age classes come into
12 being.

13 What we can do - this is New Brunswick's
14 strategy - is to carry forward some of that old wood in
15 this area back by holding out the stump and to
16 accelerate some of the growth of this younger age class
17 by various means such as thinning and fertilization and
18 what have you.

19 So the easy answer to that question and
20 it is a brief one is that yes, you are going to have a
21 higher MAD at the beginning of the cycle, a lower MAD
22 later on and a higher MAD at the end of the cycle.

23 MR. FREIDIN: Q. Now, while you are
24 there I will give you a red pen - it will give you the
25 right answer - if in fact the suggestion being put to

1 you in cross-examination occurred and that was that the
2 land base be reduced because at the present time the
3 MAD exceeds the level that you need, what happens
4 happens to the dip in the middle?

5 MR. SALTARELLI: A. The result is that
6 this curve gets notched down of course like this.
7 (indicating)

8 Q. Which I understand means what...?

9 A. Which means you've exacerbated the
10 situation here and perhaps you haven't got enough land
11 base to carry forward those older volumes and carry
12 ahead those younger volumes.

13 Q. So the red line of this document -
14 which I would ask be marked as the next exhibit -
15 indicates that if you reduce the land base in the
16 scenario that you have just described you exacerbate
17 the wood supply problem in the future?

18 A. That is correct. You can see even
19 here, which is the present, there is sufficient wood in
20 either situation, but in the future the problem becomes
21 much more pronounced.

22 MR. CASSIDY: We should get a name for
23 this exhibit.

24 MADAM CHAIR: What do you want to call
25 this, Mr. Saltarelli?

1 MR. SALTARELLI: I would call it the
2 relationship of maximum allowable depletion to forest
3 resource.

4 MADAM CHAIR: That's Exhibit 1098.

5 MR. SALTARELLI: 1098, Madam Chair?

6 MADAM CHAIR: Yes.

7 ---EXHIBIT NO. 1098: Hand-drawn diagram depicting
8 relationship of maximum allowable
depletion to forest resource.

9 MR. FREIDIN: Q. While you are still
10 there, the scenario we discussed was one where you
11 predicted that there would be a shortfall somewhere
12 down the line.

13 Is it fair to assume that - in particular
14 for a particular working group - when you projected for
15 rotation no dip below the line was indicated;
16 in other words, assume that the demand is constant,
17 that by reducing your land base now based on meeting
18 today's demand, that might in fact prevent the Industry
19 or the company from in fact expanding when in fact the
20 resource would properly permit that expansion?

21 MR. SALTARELLI: A. That is correct.
22 There was evidence given during direct that showed that
23 Industry has been expanding more or less on a regular
24 basis over the years. And if there is a cap on the
25 land base available to Industry, then obviously that's

1 going to have some effect on expansion.

2 Q. Thank you.

3 MADAM CHAIR: Mr. Saltarelli, could you
4 just explain briefly how you bring the old forest back
5 towards the middle? Are you talking about accessing --

6 MR. SALTARELLI: Yes. That's storage on
7 the stump.

8 MADAM CHAIR: Storage of the stump.

9 MR. SALTARELLI: And that can be done in
10 very specialized circumstance. Black spruce management
11 is a very good one. Black spruce, because of its
12 species characteristics, lends itself very well to
13 storage on the stump.

14 MR. FREIDIN: Thank you, Mr. Saltarelli.

15 MR. SALTARELLI: You are welcome.

16 MR. FREIDIN: Q. Now, a matter which was
17 raised again through cross-examination by Mr. Lindgren
18 that I would like to straighten out now as opposed to
19 waiting until Panel 10, if I can.

20 That clarification arises out of a
21 statement that you made that the Industry is promoting
22 or is suggesting in its terms and conditions integrated
23 planning for timber management planning, not integrated
24 planning for all resources?

25 MR. SALTARELLI: A. That's correct.

1 Q. Could you explain to me what you
2 meant by that?

3 A. All right. Again, the planning panel
4 will do a much better job of this than I can, but our
5 primary interest, Madam Chair, is providing for timber
6 management to supply our mills and to supply our
7 Industry while paying due cognizance to the other users
8 of the forest.

9 So what we would like to do is integrate
10 those other uses, take consideration for them in our
11 planning process and it's as simple as that.

12 MR. CASSIDY: Madam Chair, that was a
13 rather brief, although in my submission, accurate
14 capsulization of in fact what you are going to hear
15 next Tuesday.

16 It will a little bit longer to give you
17 little more of a flavour; that is, the overview in the
18 Panel 4 case studies which Mr. Cosman will be dealing
19 with, specifically Mr. Cass and Mr. Munro as witnesses
20 and that overview will expand on what Mr. Saltarelli
21 just said.

22 Mr. Freidin is quite correct, it will be
23 dealt with in depth in Panel 10.

24 MADAM CHAIR: Thank you.

25 MR. FREIDIN: Actually I had forgotten

1 that we were going to have to wait perhaps to Panel 10
2 to get that clarification, but could I just ask one or
3 two further questions.

4 Q. Integrated planning for timber, I
5 take it, then refers to the integrated planning for
6 access, harvest, renewal and maintenance that you
7 referred to earlier in your evidence?

8 MR. SALTARELLI: A. That's part of it.

9 Q. Part of it. And you have a process
10 which in fact addresses the concerns in relation to
11 non-timber values?

12 A. That's correct.

13 Q. That's the other part of it?

14 A. Two advisory committees, yes.

15 Q. That's the other part of it?

16 A. Yes.

17 Q. And the Industry, we will see in its
18 case, has a different approach as to how to do AOC
19 planing, but the Ministry of Natural Resources --
20 basically you have the same approach, you plan for
21 timber in an integrated way and you provide for
22 non-timber values through various committees or an AOC
23 planning committee?

24 A. It's a bit more proactive. I think
25 we -- we are not managing by constraint, we are

1 managing in a more proactive manner in my opinion.

2 Q. Thank you.

3 MR. CASSIDY: Again, you will hear more
4 about that next week.

5 MR. FREIDIN: Thank you.

6 Q. Forests for Tomorrow interrogatory
7 No. 1, again part of Exhibit 1094. Do you have that
8 one?

9 MR. SALTARELLI: A. I do.

10 Q. The question was:

11 "How do each of the following items
12 affect the wood requirements of mills..."
13 and it identifies a number of them.

14 Now, is it fair to say that the
15 Industry -- or you are unable at the present time to
16 quantify the amount of roundwood requirements that can
17 be replaced by any of the developments referred to in
18 (a) through (d).

19 A. That's right, I cannot quantify
20 those.

21 Q. And the questions from Mr.
22 Lindgren, he certainly didn't give you any suggestion
23 as to whether any roundwood at all could --
24 requirements could be replaced by those either?

25 A. He did not.

1 Q. Thank you. The last series of
2 questions I have for you, Mr. Saltarelli, deal with the
3 cross-examination by Mr. Lindgren in relation to
4 sustained yield.

5 MR. FREIDIN: For that purpose, Madam
6 Chair, I have some documents I would like to file.

7 I'm not sure that I have to file them as
8 an exhibit because what I am going to do is -- they are
9 copies of transcript pages that I would like you to be
10 able to follow, and I think you were advised that I was
11 going to be relying on Exhibit 78 which was the Panel 3
12 witness statement or statement of evidence.

13 MADAM CHAIR: Yes, we have that.

14 MR. FREIDIN: So, if I might, I am going
15 to just hand out to the Board and to the various
16 parties here copies of Volumes 23 of the evidence,
17 pages 4073 to 4078.

18 I am also going to hand out for ease of
19 reference copies of pages 19, 47 and 48 of Exhibit 78,
20 those three pages are three of the pages on which one
21 finds the executive summary of the Ministry of Natural
22 Resources' Panel No. 3 evidence. So if I can just
23 start by giving a copy-- (handed)

24 MR. SALTARELLI: Thank you.

25 MR. FREIDIN: --to Mr. Saltarelli and ask

1 some questions.

2 MADAM CHAIR: Do you want this to be an
3 exhibit, Mr. Freidin?

4 MR. FREIDIN: I don't believe they have
5 to be exhibits, I will just indicate what I am
6 referring to. I apologize, I think it probably was
7 unnecessary to have you bring along the actual exhibit.

8

9 ---Discussion off the record

10 MR. FREIDIN: One moment, if I might,
11 Madam Chair.

12 Q. Now, Mr. Saltarelli, these questions
13 again relate to this cross-examination in relation to
14 sustained yield and also the questioning by Mr.
15 Lindgren about expansion of industry, and some of that
16 questioning suggested that you and Dr. Osborn were
17 somehow at odds or disagreed with each other.

18 And I want to confirm my understanding
19 based on some of the reading that I have done that you
20 and Dr. Osborn do not disagree. And I am going to just
21 read certain things to you that Dr. Osborn testified
22 about and see whether in fact there is a disagreement
23 or not.

24 MR. CASSIDY: Let's be fair to the
25 witness. He just got this now. Have you had an

1 opportunity to review this?

2 MR. SALTARELLI: I have read the excerpts
3 from 4073 to 4078.

4 MR. CASSIDY: Yes.

5 MR. SALTARELLI: I haven't read the
6 second --

7 MR. FREIDIN: Q. The second one. I will
8 read to you exactly what I want to see whether you
9 agree with or not.

10 MR. SALTARELLI: A. That is fine.

11 Q. So we can proceed. Now, firstly, Mr.
12 Lindgren was cross-examining you on the definition of
13 sustained yield in the Crown Timber Act and you in that
14 questioning said that sustained yield as defined in
15 that Act does not mean evenflow; is that correct?

16 A. That's correct.

17 Q. And you also indicated that the words
18 refer to a long period of time. And on page 19 of the
19 executive summary for Panel 3 of the Ministry's TMP,
20 paragraph 5 reproduces the definition of sustained
21 yield in the Crown Timber Act. Paragraph 6 is a
22 paragraph which Dr. Osborn testified to and it reads:

23 "A continuous supply of wood is provided
24 by practising sustained yield management.
25 The practical meaning of sustained yield

1 is that 'whether reckoned by years or by
2 longer periods, the purpose is to obtain
3 a sustained flow of products, a flow that
4 may be currently increased or
5 decreased...", or, "...diminished in
6 accordance with the purposes of
7 management in the condition of the forest
8 but which may be continued indefinitely
9 even though often at variable levels.
10 Sustained yield management incorporates
11 those forest practises which ensure this
12 continuous flow."

13 Now, do you agree with that statement?

14 A. Yes, I agree.

15 Q. Mr. Lindgren also referred you to an
16 excerpt from the Kennedy Report which was a report
17 which was commissioned and at least reported on in
18 1947.

19 A. Yes, I have it here.

20 Q. If you look at page 4073 of the
21 transcript that I have provided you a copy of--

22 A. Yes.

23 Q. --you will see that starting on line
24 12 Mr. Castrilli, who was acting for Forests for
25 Tomorrow, was questioning Dr. Osborn in relation to

1 sustained yield and he said:

2 "Would you agree that an operator must
3 not cut more than the annual growth on
4 his licensed area?"

5 Dr. Osborn:

6 "I will disagree, sir. The operator on
7 a particular year can cut more than the
8 annual growth on his licensed area."

9 Do you agree with that?

10 A. Yes, I agree. And, Madam Chair, this
11 really bears some explanation. The annual growth on a
12 licensed area will vary considerably according to the
13 age of that licensed area.

14 In a very old forest - and I spoke
15 earlier about current annual increment and mean annual
16 increment and as a forest grows older the increment
17 declines to the stage when it's actually losing
18 volume - so in the very old forest situation it is
19 conceivable that the current annual increment will be a
20 negative number and in that situation you would cut
21 nothing, you would put volume back as a matter of fact.
22 In a very young, immature forest the current annual
23 increment can be massive, but the trees are so small it
24 doesn't make sense to cut them.

25 So really this statement about annual

1 growth equalling annual cut is simplistic to a very
2 large measure.

3 Q. That would be the result if you took
4 a literal interpretation of the words?

5 A. That is correct.

6 Q. And if you turn to page 4076 of the
7 transcript, starting at line 4, Dr. Osborn says in
8 relation to this question of sustained yield --

9 MR. CASSIDY: What page are you on?

10 MR. FREIDIN: Page 4076.

11 Q. He's talking about the number of
12 authors, and I will refer back to the asterisks in a
13 moment, but he starts on line 10:

14 "In the forests in Ontario, as has been
15 described, the growth rate of a very old
16 forest, the growth rate may be incredibly
17 slow, in fact the growth rate on very
18 old trees is in fact negative."

19 A. Yes.

20 Q. Dr. Osborn is making the same point
21 that you just made and, therefore, you are in agreement
22 with Dr. Osborn?

23 A. Yes, I am.

24 Q. Not in disagreement as suggested by
25 Mr. Lindgren?

1 A. Not at all.

2 Q. Now, if I can go back to the Kennedy
3 Commission Report, if you turn to page 4474 of the
4 transcript you will see that Exhibit 108 is the excerpt
5 from the Royal Commission on Forestry, you will see
6 that starting at line 18 the very passage which was put
7 to you by Mr. Lindgren is reproduced; is that correct?

8 A. That is correct.

9 Q. And starting on line 24 Mr.

10 Castrilli:

11 "Would you agree with me, therefore, that
12 Commissioner Kennedy in 1947, being
13 Canadian, stressing the need for
14 sustained yield and cutting no more than
15 the annual growth rate on a licensed
16 area?"

17 Answer:

18 "From what I read in the document on page
19 179 at the bottom of the page and what
20 you are asking me to comment on on page
21 183, Commissioner Kennedy was under
22 the opinion that sustained yield
23 meant cutting the growth on an annual
24 basis."

25 Question:

1 "Did Commissioner Kennedy get it wrong?"

2 Answer:

3 "Yes."

4 And again I understand your evidence to
5 indicate or to be in agreement with the evidence of Dr.
6 Osborn?

7 A. That is correct.

8 Q. You also in relation to this question
9 of sustained yield were asked a series of questions
10 about whether the mills could expand and I think
11 whether there was some limit on expansion of mills.

12 And would you confirm for me, Mr.
13 Saltarelli, that you can't expand a mill if there is no
14 supply of wood?

15 A. That is correct, sir.

16 Q. Would you agree with me that the
17 amount of wood which can be supplied to a mill or which
18 is available to a mill is controlled by the maximum
19 allowable depletion which is calculated as part of the
20 timber management planning process?

21 A. The maximum that can be supplied to a
22 mill...?

23 Q. From a particular unit.

24 A. All right. In isolation, the answer
25 to that question is yes; however, when one looks at

1 long-term wood supply, Madam Chair, I think the volume
2 that can be supplied to a mill might be somewhat less
3 than the maximum allowable depletion allows.

4 And I think that was the point you were
5 trying to make here over the last couple of days. But
6 from looking at the MAD in isolation in the present
7 tense what is allowable to be harvested and, yes, it's
8 controlled by the MAD.

9 Q. All right. Let's take a hypothetical
10 situation. You've got a management unit, you have got
11 a mill in the middle of it and there is no forest
12 anywhere else except in that management unit; the
13 maximum allowable depletion will basically set the
14 maximum depletion which can come off that land base
15 every five years?

16 A. That's right. But that mill wants a
17 constant supply of wood and we have already said that
18 it isn't necessarily constant, it can go up and down.
19 So, yes, if the mill is prepared to gear its operations
20 according to the maximum allowable depletion then, yes,
21 there is a direct bearing on wood supply.

22 Q. All right. In that case the scenario
23 would be going up and down?

24 A. Correct.

25 Q. But reality is that if in fact on one

1 particular management unit you have a shortfall,
2 reality is that through woodflow you may be able to
3 supplement your wood supply from another unit?

4 A. Get it somewhere else, yes.

5 Q. So in dealing with this question of
6 expansion of industry and whether there is some
7 relationship -- what relationship that has to wood
8 supply, could you turn to page 47 of Exhibit 78. Do
9 you have that one?

10 A. Yes.

11 Q. That is the second document. Yes,
12 page 19 on the first page there of the Crown Timber
13 Act. Go to that page, page 47?

14 A. Thank you.

15 Q. Again under the heading yield
16 regulation and woodflow Dr. Osborn testified in this
17 section -- pardon me, Mr. Armson testified in relation
18 to this and he says:

19 "Although an objective of each management
20 unit is to provide a sustained supply of
21 timber to industry the flow of wood to
22 the forest industry is not simply from
23 one management unit precisely to one or
24 more pre-determined mills. Even within
25 in a five-year term of the timber

1 management plan the flow from a
2 particular management unit to any
3 particular mill or mills may vary."

4 Do you agree?

5 A. Yes. And, Madam Chair, I believe
6 that Mr. Magee testified earlier directly to that.

7 Q. Okay. Paragraph 120:

8 "The difference between supply and demand
9 result from a number of factors." Just
10 read that paragraph and tell me whether you agree with
11 that?

12 A. Yes, I do.

13 Q. Paragraph 121 reads that:

14 "Deficits are identified in a specific
15 timber management plan. This does not
16 necessarily mean that a specific mill
17 will be unable to attain its required
18 supply, instead the required flow of wood
19 in the form of roundwood or residues
20 depending upon the mill's requirements
21 may be satisfied by additional supplies
22 from other management units in the
23 district, region or from other regions."

24 Do you agree with that?

25 A. Yes, I do. There is some limitation

1 on distance of course.

2 Q. Sure. So would you agree that there
3 may be a circumstance where because there may be a
4 shortage of supply from a particular management unit
5 which has historically been supplying a particular
6 mill, that there may be an abundance or a large surplus
7 in an adjoining management unit which can supply that
8 mill and, in that case, it might -- in fact it would
9 not be unacceptable that the mill expand its capacity
10 based on that other supply?

11 A. Yes, but I would caution the Board to
12 bear in mind that a surplus that's available in the
13 present may not necessarily be surplus in the future,
14 it may be needed.

15 So if, for example, someone intended to
16 expand his enterprise or her enterprise in relation to
17 a surplus that exists on some land base, that
18 individual would be well advised to reconcile the
19 future wood supply for the mill depending upon that
20 land base that has the surplus; the surplus, in other
21 words, has to be a real surplus.

22 MR. FREIDIN: And those are my questions,
23 Madam Chair.

24 Thank you Mr. Saltarelli.

25 MADAM CHAIR: Thank you, Mr. Freidin.

1 MR. CASSIDY: Madam Chair, I have spoken
2 to Ms. Harvie who has advised that she has no questions
3 of Mr. Atkinson, and I will have none in reply.

4 And as a result I would ask that Mr.
5 Atkinson be excused for a short period of time to
6 attend to a matter that has arisen.

7 MADAM CHAIR: That is fine, Mr. Atkinson.
8 --- (Mr. Atkinson withdraws)

9 MS. HARVIE: Madam Chair, my
10 cross-examination will be quite brief. A number of
11 questions we were intending to ask have been covered by
12 Mr. Lindgren and Mr. Freidin.

13 To start off we will be distributing the
14 remaining MOE interrogatories that have not been
15 previously filed, and I guess that should be marked as
16 an exhibit.

17 MADAM CHAIR: Exhibit 1099.

18 MS. HARVIE: Exhibit 1099 includes MOE
19 Interrogatories 1, 4, 5 and 7.

20 --- EXHIBIT NO. 1099: Package of MOE Interrogatory Nos.
21 1, 4, 5 and 7.

22 MS. HARVIE: I have provided Ms. Devaul
23 with a list of the exhibits to which I will be
24 referring. That list, however, did not include Exhibit
25 534A but as it was referred to in a previous

1 cross-examination they may have it already.

2 MR. CASSIDY: That list has not been
3 provided to me, Madam Chair, so it would be necessary
4 to retrieve those for the witnesses.

5 MS. HARVIE: Okay. They are Exhibits
6 1076 --

7 MR. CASSIDY: Just bear with me. That is
8 your exhibit, Mr. Saltarelli.

9 MR. SALTARELLI: Yes, I have it here.

10 MS. HARVIE: Exhibit 1047, which is the
11 economic impact statement.

12 MR. SALTARELLI: I believe I have that
13 here.

14 MS. HARVIE: Exhibit 700 which is the
15 Ministry of Natural Resources draft terms and
16 conditions.

17 MR. CASSIDY: I believe Mr. Saltarelli
18 has that document.

19 MR. SALTARELLI: Bear with me, please.
20 The economic impact statement is number...?

21 MS. HARVIE: From Panel 1, Exhibit 1047.

22 MR. CASSIDY: I am sorry, it's from Panel
23 2. I believe it's the Peat Marwick report.

24 MR. SALTARELLI: I am afraid I do not
25 have the other statement.

1 ---Discussion off the record

2 MR. CASSIDY: I am not sure I have a copy
3 of that in Thunder Bay, Madam Chair. If Ms. Devaul is
4 listening --

5 MS. HARVIE: Exhibit 56, which is the
6 Forest Resources of Ontario, 1986, Exhibit 1030A which
7 is Abitibi-Price witness statement, Economic Panel, and
8 Volume 27 of the transcript.

9 MR. CASSIDY: Madam Chair --

10 MADAM CHAIR: Mr. Cassidy, which exhibit
11 was that?

12 MR. CASSIDY: We are in need of Exhibit
13 1047 which is the OFIA/OLMA Panel 2 study by Peat,
14 Marwick and Exhibit 1030A which is in Panel 1.

15 MADAM CHAIR: We have an extra copy.

16 MR. CASSIDY: Oh, we have an extra copy
17 of that, Madam Chair, one of the witnesses has it.

18 MADAM CHAIR: So it's 1047?

19 MR. CASSIDY: Yes.

20 MADAM CHAIR: Ms. Harvie, Mr. Martel has
21 made the suggestion that perhaps we start lunch a bit
22 early in order for everyone to get organized. Is that
23 acceptable to you?

24 MS. HARVIE: Yes, that's fine. I won't
25 be long, as I say, and I do apologize for this initial

1 confusion.

2 MR. CASSIDY: We have 127. Madam Chair,
3 this may be the only copy that the witness, of exhibit
4 1047, would be able to refer to. I am not sure if the
5 Board has an extra copy.

6 MADAM CHAIR: I am sharing Mr. Martel's.

7 MR. CASSIDY: All right, thank you.

8 MADAM CHAIR: And, Ms. Harvie, how long
9 will your cross-examination last?

10 MS. HARVIE: I don't expect it will be
11 much longer than 30 minutes.

12 MADAM CHAIR: And Mr. Cassidy?

13 MR. CASSIDY: Five minutes.

14 MADAM CHAIR: Re-examination. And then
15 we have scoping to do. So we have lots of time.

16 Why don't we come back at one o'clock.

17 ---Luncheon recess taken at 11:50 a.m.

18 ---On resuming at 1:00 p.m.

19 MADAM CHAIR: Please be seated.

20 CROSS-EXAMINATION BY MS. HARVIE:

21 Q. Mr. Saltarelli, with respect to
22 Exhibit 1098 you mentioned that to accelerate the
23 growth of young trees you will fertilize them; is that
24 correct.

25 MR. SALTARELLI: A. That is one of the

1 possibilities. It's not a wide spread practice in
2 Canada; it is, however, wide spread in Scandinavia.

3 Q. Are you fertilizing now?

4 A. No, we are not.

5 Q. Are you presently advocating
6 fertilization?

7 A. Not in the general sense. I think
8 it's one of the tools that we should be in a position
9 to look at in future if we require it.

10 Q. Okay. Could you turn please to
11 Exhibit 1076?

12 A. 1076, which is ...?

13 Q. Exhibit 1076 is the one that starts
14 with the OWOSFOP Forest.

15 A. If you will just give me a moment,
16 Ms. Harvie, please. My exhibit is in different places
17 on my table.

18 MR. CASSIDY: I have an extra copy.
19 (handed)

20 MR. SALTARELLI: Thank you, Mr. Cassidy.

21 MR. CASSIDY: Any time.

22 MR. SALTARELLI: Thank you for waiting
23 Ms. Harvie.

24 MS. HARVIE: Q. Yesterday you explained
25 that there are three predictive models, the OWOSFOP,

1 the FORMAN and NORMAN and the HSG, and you said that
2 HSG is the most sophisticated, most comprehensive and
3 most precise of those three models.

4 I understand at the present, however,
5 that it's also the most expensive in terms of data
6 input and that as an example of the cost you cited the
7 Iroquois Falls Forest digitization of that data.

8 And I believe you cited the cost to be a
9 hundred thousand dollars; is that correct?

10 MR. SALTARELLI: A. That was my
11 estimate. It could have been more than that. I just
12 based that upon what it cost to digitize the Lakehead
13 Woodlands which is a division of Abitibi-Price, its
14 FRI.

15 Q. Okay. Could you tell us please where
16 the hundred thousand or so dollar expense was a
17 one-time only expense?

18 A. In theory it would be. One of the
19 advantages of GIS is it allows you to keep track of
20 your inventory. So instead of the current system of
21 FRI whereby you have a picture in time taken every 20
22 years, you have a starting point, a picture in time,
23 Madam Chair, that is updated from time to time.

24 So it would be a one-shot expenditure
25 insofar as you are just establishing the main dataset,

1 but you have to maintain that dataset and that involves
2 other digitization costs, not to the same magnitude,
3 but certainly other costs.

4 Q. Okay. Could you tell us, please, who
5 paid for the digitization of the Iroquois Falls Forest?

6 A. The Ministry of Natural Resources.

7 Q. And who paid for the digitization of
8 the Spruce River management unit data?

9 A. That I believe was paid for by
10 Abitibi, but I stand to be corrected. I am not
11 entirely certain.

12 Q. If HSG were adopted for use in other
13 management units, who do you think would pay for the
14 digitization costs?

15 MR. CASSIDY: I think that is really a
16 matter of speculation, Madam Chair. That's a matter
17 for future discussion between any number of people, and
18 Mr. Saltarelli I don't think should be put in the
19 position of speculating.

20 I am not sure that's particularly helpful
21 to the Board, speculating on what people will do in the
22 future in terms of mechanism.

23 MS. HARVIE: Q. Well, you are advocating
24 that HSG or GIS be adopted across the province; is that
25 not correct?

1 MR. CASSIDY: That is not the position of
2 the witness. The evidence has been very clear that
3 this is the model that is being developed.

4 The evidence, and I can state, that the
5 OFIA's position is not that, in fact it's contrary,
6 that there should be an evolution of models, any one of
7 which has developed to a state that it has got the best
8 use for achieving the purposes and, therefore, we are
9 not advocating any one particular model.

10 The evidence is very clear that in fact
11 we want flexibility to adopt the best one.

12 MS. HARVIE: Q. And if the best model is
13 HSG, would you be advocating its use then?

14 MR. SALTARELLI: A. Again, I don't think
15 we would advocate the use on a sort of universal plane.
16 I think those who have the capabilities of using it,
17 those who have the inventory available will be well
18 advised to use it because it's a good tool.

19 But I don't think we could just say
20 everyone should use HSG. No way we should ever say
21 that, or any other model for that matter.

22 Q. Is industry taking any position with
23 respect to the cost of doing research and development
24 on HSG or implementing it?

25 A. HSG research and development to this

1 stage now is complete and will be expanded upon when
2 the model is enhanced. Industry's shared in the cost
3 of that development, insofar as we provided hardware
4 and we provided some software and we provided
5 expertise, I personally travelled down to Petawawa and
6 spent several days there.

7 So we did contribute to the cost and, I
8 am sorry, I can't remember the second part of your
9 question.

10 Q. The implementation of it, of the
11 application.

12 A. We have no ownership of the program,
13 the ownership belongs to the Canadian Forestry Service
14 or Forestry Canada as its called now, and I believe
15 that they are prepared to promote its application
16 throughout the country, not only Ontario.

17 I think we are quite willing to allow
18 them to use our name, as they have already, saying that
19 it's been tested with Abitibi-Price and to that extent
20 we would promote it, but it's kind of a past promotion
21 package.

22 Q. Mr. Saltarelli, I am afraid all my
23 questions are directed to you today, my
24 cross-examination, as are everyone else's.

25 In the cross-examination by Mr. Lindgren

1 yesterday the following sentence on page 33 of Exhibit
2 1072, being OFIA statement of evidence for Panel 3.

3 A. Yes, I have it.

4 Q. And I will read this into the record:
5 "It is the industry's view that timber
6 management plans should clearly
7 acknowledge the reality that timber
8 management occurs in a dynamic framework
9 and that wood supply strategies and
10 timber management objectives may have to
11 change accordingly."

12 MADAM CHAIR: Which page is that, I am
13 sorry?

14 MS. HARVIE: Page 33.

15 MADAM CHAIR: Thank you.

16 MS. HARVIE: Q. The evidence that you
17 gave yesterday was that industry has trouble predicting
18 five years in advance what sorts of technological
19 changes may arise and has therefore difficulty, or
20 therefore would like the flexibility to change its wood
21 supply strategies and timber management objectives; is
22 that correct?

23 A. That is essentially correct, yes.

24 Q. All right.

25 A. I think I would go out and I would

1 say we cannot predict with any absolute certainty what
2 is going to happen in five years' time.

3 Q. Would you agree that changing our
4 wood supply strategies and timber management objectives
5 could significantly change the timber management plan?

6 A. Yes, it could.

7 Q. As I understand MNR's term and
8 condition No. 25 dealing with the bump-up provisions.

9 A. Would you like me to reference that?

10 Q. Certainly, if you would like to look
11 at it.

12 MR. CASSIDY: That's Exhibit 700.

13 MS. HARVIE: Q. It's at page 11.

14 MR. SALTARELLI: A. Thank you for
15 waiting. I have it.

16 Q. At 25(a):

17 "The bump-up procedure may be initiated
18 at any time during the timber management
19 process planning process and there is a
20 final opportunity in the 30 days
21 following the notice of plan inspection
22 to request bump-up."

23 Based on your perceived difficulty in
24 terms of wood supply and your request for flexibility,
25 vis-a-vis your own strategies and objectives, do you

1 not think it fair that the public should be allowed to
2 request -- should be given equal flexibility in terms
3 of their bump-up requests?

4 They are not any more able to predict
5 what is going to occur in the next five years than you
6 are, presumably?

7 A. This is after the plan has been
8 approved?

9 Q. That's correct.

10 A. Again, I am going to refer to our
11 Panel 10, Madam Chair. It deals with this particular
12 issue. I am not quite -- in the same way I think I am
13 reading you, we have an ongoing advisory committee
14 structure set up to help deal with such situations.
15 We in no way try to eliminate the bump-up procedure,
16 it's still in there, there are times and places for
17 bump-up certainly.

18 And if a change in technologies or a
19 change in markets or a change in land base causes a
20 fundamental change to the timber management plan such
21 that the objectives and strategies change, then likely
22 that is going to be a major amendment with all the
23 bump-up provisions attached to it.

24 Again, I would really prefer that you
25 address those questions to the planning panel.

1 MR. CASSIDY: I may be able to be of some
2 assistance in that regard as well, for Ms. Harvie's
3 use, in Panel 10. Terms and conditions from the
4 OFIA/OLMA, numbers 24 and 25 deal specifically with
5 bump-up and I would want the witnesses in Panel 10 to
6 deal with it, but I think, since she has asked that
7 question, that she would properly be doing that in
8 cross-examination at that time because it appears on
9 the reading of its face that, in fact, a bump-up
10 request can be made during the amendment periods or
11 times when an amendment is sought and, as a result,
12 during the plan preparation stage as well.

13 However, I would want to defer -- or I
14 would want to have my comments subject to what the
15 planning witnesses say since they are giving evidence
16 and I am not.

17 MS. HARVIE: Thank you, Mr. Cassidy.

18 Q. We just wanted to confirm that you
19 are not advocating unilateral flexibility.

20 MR. SALTARELLI: A. No, I don't think it
21 is carved in stone.

22 Q. All right. Thank you.

23 MR. CASSIDY: If I may just have a
24 moment, Madam Chair.

25 ---Discussion off the record

1 MS. HARVIE: Q. As we understand it, the
2 only mandatory information requirement needed to
3 allocate stands for depletion is the FRI; is that
4 correct.

5 MR. SALTARELLI: A. The only mandatory
6 information requirement needed to allocate stands is
7 the FRI. No, that's not correct.

8 Q. Okay. Can you tell me please what
9 other mandatory requirements there are?

10 A. We have to identify other user values
11 within the area of the allocation, stands have to meet
12 certain eligibility criteria or else they may not be
13 allocated and those criteria go far beyond how they are
14 listed in the forest resources inventory.

15 Q. Can you tell me, please, what data is
16 collected manditorily?

17 MR. CASSIDY: This is a repetition, Madam
18 Chair. We heard all this with respect to the
19 Ministry's evidence. Since we are talking about
20 mandatory FRI collection, it is really in the
21 Ministry's purview since they are dealing with FRI. I
22 am not sure we will profit by getting into this again.

23 MS. HARVIE: Q. Beyond the FRI, what is
24 the most common type of data collected?

25 MR. SALTARELLI: A. For timber

1 management?

2 Q. Yes.

3 A. I would say operational surveys,
4 operational work, OPC.

5 Q. And what's the common reason for
6 collecting that data?

7 A. Lack of information on a specific
8 site and the manager wishes to manage over a shorter
9 time frame.

10 Q. Who pays for the collection of that
11 supplemental data?

12 A. The companies do.

13 Q. Are you familiar with Panel 3 of
14 MNR's case?

15 A. Yes, I've read the transcript.

16 Q. Okay. Could you turn please to
17 Volume 27 of the transcripts.

18 A. Yes. Do you have a page?

19 Q. Page 4621, the ninth line, this is
20 cross-examination of Dr. Osborn. I will read the
21 sentence.

22 "Typically, if you've got choices in
23 a timber management sense, I won't go
24 looking for options in site class 4, I
25 would far sooner concentrate my time and

1 effort on those sites that have indicated
2 higher productivity. So as a manager, I
3 will not look for these deliberately, I
4 will be looking for the better areas."

5 Would you agree with Dr. Osborn's
6 statement?

7 A. Yes, he says, Ms. Harvie, Madam
8 Chair, typically as a manager I would not look at
9 those, then he goes on to say:

10 "However, given the situation I am in, I
11 may look at site class 4 for some
12 operations."

13 So what he is saying is, if there is some
14 applicability to looking at those site class 4 in his
15 timber management operations he is going to look at
16 them.

17 Q. Certainly. But he is saying here
18 that he would prefer not to go into site class 4; isn't
19 that correct?

20 A. He said that, that's correct
21 in a timber management context, and I believe the
22 reason why he is saying is - and this is my own point
23 of view - is that site class 4 in the FRI is generally
24 a pretty good indication that those sites are marginal
25 from a timber management standpoint, not necessarily

1 absolutely non-operable, but marginal one way or the
2 other.

3 Q. Would that be a preference that you
4 would also exercise?

5 A. Yes.

6 Q. Okay. So, as I understand it, you
7 would concentrate your efforts in terms of
8 supplementing the FRI in areas of high productivity?

9 A. In areas in which we project to be
10 operating within and those areas for which we have lack
11 of information or lack of sufficient information.
12 Quite often they are in the areas of higher
13 productivity.

14 The site class 4 areas, Madam Chair and
15 Ms. Harvie, are generally those that are bypassed and
16 that's a general statement here. So if we think we are
17 going to bypass those areas, it's not likely what we
18 want to collect information on.

19 Q. I understand that there are some
20 areas that present operational difficulties, areas such
21 as protection forests and production forest reserves;
22 is that correct?

23 A. Protection forest is a label that FRI
24 puts on certain sites that meet a certain sense of
25 criteria and it's a bit of a misnomer. Some of these

1 sites are sensitive -- the original intent of
2 protection forest was to protect those forests because
3 they have some sensitive attribute, the soils are
4 shallow or something to that effect, but because it is
5 listed as protection forest in the FRI doesn't
6 necessarily mean that it is a sensitive site.

7 Q. But it may mean that it's--

8 A. It may mean, yes.

9 Q. --an environmentally sensitive site;
10 is that correct?

11 A. That's correct.

12 Q. Based on MOE's cross-examination in
13 Panel 3 of MNR's evidence, I gather that it is not
14 mandatory to supplement the FRI in these areas?

15 A. Supplement for use in timber
16 management planning you mean?

17 Q. Yes.

18 MR. CASSIDY: Your use of the word
19 mandatory has me somewhat bothered. If the witness
20 is -- he would consider it as a professional forester
21 to be mandatory as opposed to MNR regulating?

22 MS. HARVIE: That's right, as a matter of
23 the professional forester's judgment.

24 MR. SALTARELLI: A professional forester
25 would as a matter of course collect information for

1 those areas in which information is lacking.

2 You are correct in saying there is no
3 legislated -- or policy that says that you must go out
4 and collect information. The reason for that, as
5 expressed earlier--

6 MS. HARVIE: Q. Yes.

7 MS. SALTARELLI: A. --that information
8 may be existing and it would make so sense to go out
9 and collect it again.

10 Q. Your evidence, as I understand it, is
11 that it's not necessary -- it's not mandatory or
12 necessary to go beyond the FRI if it is adequate
13 information?

14 A. Yes.

15 Q. But the judgment as to whether or not
16 there is adequate information is entirely and
17 exclusively within the jurisdiction of the forester; is
18 that correct?

19 A. No, the forester would make that
20 judgment as it relates to timber values, but as it
21 relates to other values, that judgment is made by the
22 district biologist or the district planner or what have
23 you.

24 So if the district biologist feels that
25 he requires supplemental information on that area it

1 will be collected, perhaps not by the forester who is
2 not qualified to collect it, Madam Chair, but it would
3 be collected.

4 Q. But even in areas that may be
5 environmentally sensitive there is no requirement, is
6 there, legislatively to gather supplemental data?

7 A. I'm trying to come to terms with
8 environmentally sensitive now. If it's environmentally
9 sensitive the area would be considered an area of
10 concern for which some sort of qualitative data would
11 exist to qualify it as an area of concern. It has to
12 be defined as being environmentally sensitive, you
13 can't get that definition from FRI.

14 I guess the question is, Ms. Harvie, what
15 was the determination that said that that area is
16 environmentally sensitive? What data was brought up to
17 support that classification? There has to be some sort
18 of information available for that area to say that it
19 is an environmentally sensitive area.

20 Q. Okay. Could you turn, please, to
21 Exhibit 1030A--

22 A. Yes.

23 Q. --which is the witness statement --
24 Okay, I think I am going to withdraw this last
25 question, so Exhibit 1030A you can just set aside.

1 A. Thank you.

2 MADAM CHAIR: Mr. Saltarelli, perhaps you
3 could clarify something for me with respect to your
4 last answer.

5 MR. SALTARELLI: Yes, Madam Chair.

6 MADAM CHAIR: You said that it is up to
7 the professional forester to determine if he has
8 adequate information with respect to the FRI
9 requirements on timber values?

10 MR. SALTARELLI: That's correct.

11 MADAM CHAIR: When it comes to non-timber
12 values, do you feel that's beyond the judgment of the
13 forester to determine if he has adequate data and he
14 must await direction from the MNR, other wildlife
15 biologist or...

16 MR. SALTARELLI: Yes, Madam Chair. I
17 think it is a biological consideration that needs to be
18 quantified or qualified. It is best left up to a
19 biologist to do that work.

20 MADAM CHAIR: But you see nothing
21 preventing a forester from collecting that data under
22 the instructions or supervision of a wildlife
23 biologist?

24 Obviously at this hearing we have talked
25 about ways that we could make maximum use of being in

1 the field, can you have one person doing more than one
2 job, and certainly I don't think I have heard that
3 professional foresters can't collect other types of
4 data if given the instruction or direction to do that.

5 MR. SALTARELLI: Given that the
6 professional forester has reasonable degree of
7 intelligence, Madam Chair, we do.

8 MADAM CHAIR: We all assume that, yes.

9 MR. SALTARELLI: They can follow
10 instructions, but I am having a difficult time
11 visualizing the other shoe. I can visualize trying to
12 teach a biologist how to use an hexameter and a compass
13 properly. I don't know, perhaps it's not that big a
14 deal.

15 MADAM CHAIR: I think the idea is we have
16 more foresters than biologists, although I will have to
17 look at the numbers on that again, but the essence of
18 my question was, if the forester going out on the field
19 was collecting one type of data, and I thought I heard
20 you say: Well, no, we couldn't do anything else, but
21 you haven't said that.

22 MR. SALTARELLI: No, and if you wanted to
23 carry it further there is no reason that you can't have
24 a survey crew and a forester and a biologist.

25 MR. CASSIDY: Madam Chair, I may be able

1 to assist, and you will hear this next week, but while
2 it is in your mind, the terms and conditions which the
3 OFIA/OLMA have filed, although in draft form, speak to
4 this issue and you will hear about the concept of
5 multi-disciplinary input to the plan author.

6 That input consists of representatives of
7 professional and technical practitioners from the
8 Ministry whose objective is to provide that input which
9 you are talking about by way of non-timber values, so
10 that will be addressed in the planning panel and in
11 those terms and conditions.

12 MADAM CHAIR: Thank you.

13 MS. HARVIE: Q. Mr. Saltarelli, I
14 understand your evidence is, given under direct and
15 cross-examination, that despite the difficulties and
16 limitations of FRI and the OWOSFOP as predictive tools
17 and the operational difficulties and environmental
18 sensitivities in certain areas of the forest, Industry
19 is unwilling to accept any form of term and condition
20 specifying under what circumstances it would or even
21 might be appropriate to gather any type of supplemental
22 information; is that correct?

23 MR. SALTARELLI: A. That is correct.

24 MS. HARVIE: Those are all my questions.
25 Thank you.

1 MADAM CHAIR: Excuse me. With respect to
2 the last point, could you repeat that question, please?

3 MS. HARVIE: As I understand your
4 evidence, Mr. Saltarelli, given under direct and
5 cross-examination, despite the difficulties with the
6 FRI and OWOSFOP as predictive tools and the operational
7 difficulties and environmental sensitivities of certain
8 areas, the forest, you are unwilling to accept any form
9 of term and condition specifying under what
10 circumstances it would be or even might be appropriate
11 to gather any type of supplemental information.

12 MADAM CHAIR: All right, thank you.

13 MR. SALTARELLI: If I may qualify this,
14 Madam Chair. We could conceivably live with guidelines
15 that could indicate that, the 'might' aspect of that.

16 I don't think that it would be
17 appropriate to dictate circumstances under which you
18 must go and collect data because circumstance will vary
19 considerably and we've many, many different ways of
20 approaching a situation, different ways of defining a
21 situation and many different facets of the situation
22 that cannot be defined.

23 I think it should be left up to the
24 professional judgment of professional foresters and
25 profession engineers, professional biologists and so on

1 to decide the circumstance under which supplementary
2 data must be collected. That's the point I was trying
3 to make, Madam Chair.

4 MS. HARVIE: Thank you.

5 MR. CASSIDY: Just on that last point in
6 re-examination, Madam Chair.

7 RE-DIRECT EXAMINATION BY MR. CASSIDY:

8 Q. Mr. Saltarelli, could you envisage
9 circumstances where it would be up to the biologist,
10 where they should have the professional judgment to
11 decide what extra data they need and, therefore, you
12 would anticipate that they would also not require -- or
13 there should not be a requirement that they would have
14 to collect certain data?

15 MR. SALTARELLI: A. I would feel the
16 same way, yes.

17 Q. You have had occasion to work with a
18 biologist in the past?

19 A. Yes, I have.

20 Q. And that was in your capacity as a
21 timber management planner?

22 A. Yes.

23 Q. I want to come back - and I will be
24 very brief, Madam Chair, as I indicated earlier - to
25 what you were talking about, and I think this is in

1 response to some questions in cross-examination by Mr.
2 Freidin this morning, about the factors which have --
3 or laid out that deal with the applicability of HSG
4 across the area of the undertaking and some factors
5 which may limit that.

6 Would I be correct in suggesting that in
7 addition to the factors Mr. Freidin indicated, the
8 availability and cost of the GIS hardware and software
9 universally across the province would be a factor?

10 A. It's a factor that is becoming less
11 important as time goes on given that software and
12 hardware are coming down, but at the present time it is
13 a very important factor.

14 Q. All right. Thank you.

15 MR. CASSIDY: If I could just have a
16 minute, Madam Chair and Mr. Martel.

17 ---Discussion off the record

18 MR. CASSIDY: Madam Chair, the only other
19 matter I wanted to raise in re-examination was in
20 response to a question Mr. Martel asked about some
21 prices of the products you have sitting to your right.

22 Prior to the commencement of the
23 cross-examination, Mr. Magee indicated to me that he
24 would attempt to answer Mr. Martel's question on that,
25 what the prices are for some of those products by way

1 of some phone calls.

2 I am not sure whether in fact he has been
3 able to be successful in that, so I am shooting into
4 the dark here.

5 Q. Do you have any information you may
6 be able to provide at this time to Mr. Martel by way of
7 answer to his question?

8 MR. MAGEE: A. Yes, I was able to do
9 some phoning and get some prices of particle board,
10 plywood and waferboard.

11 Q. And these prices would be as of, I
12 guess, today or yesterday?

13 A. Yesterday and today. In fact, I
14 surveyed Ontario and northeastern Ontario is where I am
15 from and the prices vary from what is here.

16 I could start with the particle board,
17 half inch and I will just give some examples here.
18 Half inch particle board in northeastern Ontario, this
19 is a sheet of 4 x 8, is \$8.95 and in Thunder Bay
20 \$10.15.

21 Spruce plywood in northeastern Ontario,
22 this is again the half inch, \$18.29 and in Thunder Bay
23 \$16.00; waferboard in northeastern Ontario, half inch,
24 \$7.99 a sheet and I was unable to find any half inch
25 waferboard here in Thunder Bay, but there is some

1 seven-sixteenths. Seven-sixteenths are \$7.90 a sheet.

2 Let us go on with the seven-sixteenths.

3 That's the more common thickness used for sheeting and
4 it's often considered equivalent to three-eighths
5 plywood. Three-eighths plywood sheeting is \$11.25 a
6 sheet.

7 The half inch is what people would
8 generally buy for recut for a project a home or
9 something like that for shelving. The sheeting, the
10 seven-sixteenths in the waferboard and three-eighths
11 plywood would normally be put in a building and
12 probably never seen again. It is within the building.

13 MR. CASSIDY: Is that of assistance, Mr.
14 Martel.

15 MR. MARTEL: Yes.

16 MR. CASSIDY: The only final matter I
17 wish to discuss is not by way of a question to the
18 witnesses, Madam Chair.

19 During the course of Mr. Saltarelli's
20 examination-in-chief he and I referred to Exhibits 1025
21 and 1026 and I indicated that I would make inquiries to
22 confirm that those were and are examples of GIS maps.

23 Subsequent to making that statement, I
24 recalled that the person I need to speak to to confirm
25 that is out of the country until next week and as a

1 result I expect to be in a position to advise you, to
2 confirm that on Tuesday of next week.

3 Those are my comments and questions in
4 re-examination, Madam Chair.

5 MADAM CHAIR: Thank you very much, Mr.
6 Cassidy.

7 The panel can be excused. You are
8 finished. Thank you all very much.

9 --- (Panel withdraws)

10 MADAM CHAIR: We have just been informed
11 that Mr. Edwards will be joining us. Apparently he is
12 coming over from his office right now.

13 MR. FREIDIN: He doesn't like to miss a
14 discussion of access any time.

15 MADAM CHAIR: He's using road access to
16 get here.

17 MR. FREIDIN: There he is.

18 MR. CASSIDY: Speak of the devil.

19 MR. FREIDIN: Sit in the front, Mr.
20 Edwards.

21 MR. CASSIDY: That's the hot seat over
22 there.

23 MADAM CHAIR: We understand the parties
24 that will be cross-examining Panel 5 include the
25 Ministry of Natural Resources, the Ministry of the

1 Environment, possibly NOTOA.

2 MR. EDWARDS: Good afternoon, Madam
3 Chair.

4 MADAM CHAIR: Mr. Edwards.

5 MR. EDWARDS: I have just arrived in the
6 nick of time.

7 Madam Chair, I wish to make an
8 application to the Board that if the scoping session is
9 going to commence to have a leave to cross-examine on
10 Panel 5. I take responsibility for not having filed
11 the statement of issues on a timely basis. There was a
12 mix-up in communication between my client and myself, I
13 had been expecting to receive some information from
14 them, I haven't got it yet, but I expect to receive it
15 shortly and I actually hope to have the document ready
16 later today or by tomorrow. Obviously it is not in
17 time for the scoping session, but I think my clients
18 have demonstrated an interest in this particular topic
19 since day one of these hearings and for that reason I
20 am requesting the Board's indulgence.

21 I can undertake to my friends to provide
22 them with a copy of our statement of issues shortly. I
23 don't have it obviously here with me today, but I would
24 expect I could fax it to them by Friday. I hope that
25 would give them enough time over the weekend to prepare

1 for the cross-examination.

2 MADAM CHAIR: And are you in a position
3 this afternoon, Mr. Edwards, to just outline quickly
4 the broad areas that you will be cross-examining on?

5 MR. EDWARDS: Actually today I am not,
6 Madam Chair, I'm afraid.

7 MR. CASSIDY: Well, I would appreciate
8 having, at the earliest possible opportunity from Mr.
9 Edwards, an outline. If he wants to phone me and tell
10 me when he is available if that can be before Friday
11 then, fine, otherwise I have no objection to his
12 application.

13 MADAM CHAIR: Thank you, Mr. Cassidy.

14 MR. EDWARDS: I thank my friend for that.

15 MADAM CHAIR: All right. We will have
16 three parties cross-examining on that case. We have a
17 letter from Forests for Tomorrow that they will not be
18 cross-examining, although I understand there is the
19 matter of an outstanding interrogatory.

20 MR. CASSIDY: Yes, Madam Chair. About an
21 hour ago I had a conversation with Ms. Swenarchuk and
22 we were discussing an unanswered interrogatory which
23 was unanswered because it required us to go off and
24 collect some information and I am going to ascertain
25 the status of that response tomorrow and I have advised

1 Ms. Swenarchuk I will be telling her about that status,
2 and she indicated to me that she would make a decision
3 at that time as to whether or not they will be
4 cross-examining on this panel.

5 So I would think that it might be prudent
6 to put an asterisk beside Forests for Tomorrow in the
7 sense that they may cross-examine.

8 MADAM CHAIR: Thank you. The Board has a
9 few comments to make on the witness statement for Panel
10 5, as well as the material in the Panel 4 witness
11 statement with respect to road access.

12 MR. CASSIDY: I am sorry, Madam Chair, I
13 didn't hear, which other one?

14 MADAM CHAIR: The Panel 4 witness
15 statement. We have read them in unison in terms of the
16 content of Panel 4 that relates to Panel 5.

17 MR. CASSIDY: Thank you.

18 MADAM CHAIR: Before I forget, I should
19 mention that we will be starting on Tuesday late. We
20 will be starting at 12:30 on Tuesday.

21 Also a second announcement - because I
22 will forget at the end of this - that in future could
23 you address all correspondence with respect to the
24 Timber Management Hearing Panel to Ms. Devaul in
25 Toronto. Ms. Sonsteins will be leaving the Board

1 effective April the 13th and I understand that some
2 parties have been addressing correspondence to her, but
3 everything is to be addressed to Ms. Devaul at our
4 Toronto address.

5 Back to Panel 5. Our first comment has
6 to do with the statement on page 31 of Panel 5 in which
7 reference is made to using the timber management
8 planning process to minimize conflicts. We would like
9 to know what exactly is the role of industry with
10 respect to the recognized conflicts with other groups
11 for other increased or limited access. Does the
12 industry discuss problems directly with remote tourist
13 operators, for example, or is the MNR responsible for
14 such negotiations and industry left to implement the
15 agreement?

16 MR. CASSIDY: Oh, I'm sorry, Madam
17 Chair. Yes, thank you.

18 MADAM CHAIR: The Board was interested to
19 read what we take to be an historical anecdote on page
20 8 of Appendix A which is the CP Forest jackpine upland
21 case study in Panel 4, and it was something to the
22 effect that in 1954-55 the logging camp was constructed
23 on the north end of, was it Basket Lake, one reason
24 being that it was aesthetically pleasing, surrounded by
25 a pine stand on the lakeshore. And we understand that

1 commuter operations have mostly replaced such camps.

2 But it occurs to us with the modern
3 timber management planning process involving reserves
4 for fisheries habitat guidelines and tourism guidelines
5 that it must be less common now for roads to provide
6 access to lakefront. And is it common for road crews
7 or for camps -- is it common for road instruction crews
8 to live in the bush during construction of roads?
9 These are questions that we are putting out, we don't
10 know the answers. And are there problems with the
11 compliance of these people living on these projects
12 with respect to guidelines with respect to the use of
13 lakes and so forth.

14 And generally when we were on our site
15 visits in the Dryden and Kapuskasing area we did
16 operations camps, and they certainly weren't on
17 waterbodies, but we were wondering if it's a common
18 practice or not, or is an effort made not to locate
19 operation camps near waterbodies?

20 We were interested in two issues
21 generally looking at the case studies and that was:
22 How carefully does industry supervise its road building
23 contractors, and then also: How much contact is had
24 with the Ministry of Natural Resources in terms of its
25 inspections of road construction projects?

1 And it was clear to us in most of the
2 case studies who was responsible for laying out the
3 road and then who was responsible for the construction
4 work, although we were a bit confused with the first
5 case study in Appendix A, and it was clear that the
6 forester was the one who identified and marked the road
7 location on the ground, and then there was reference
8 made to various types of supervisors, the haul
9 supervisors and the cut and skid supervisors. We
10 assume these are also Abitibi employees? We don't
11 know, but we are asking -- or CP Forest rather. Sorry,
12 I had the wrong case study.

13 Also we noticed among the various case
14 studies that sometimes foresters are responsible for
15 road location; at other times forester technicians are.
16 We don't know how that decision is made, and I guess
17 what we want to know on that part specifically: Is
18 there always a company employee present when
19 construction of the road is done?

20 MR. CASSIDY: Your last question, Madam
21 Chair, being in respect to current practices of those
22 companies to reflect a representative case study?

23 MADAM CHAIR: Yes. And then as a second
24 part of our interest generally in preparing these
25 various case studies, after the road access plans are

1 submitted as part of the operating plan to the MNR for
2 approval, what contact does the company have with MNR
3 after that with respect to road construction?

4 We heard evidence about water crossings
5 in great detail in the Ministry's case, but in terms of
6 road construction where you don't have water crossings,
7 what sort of supervision does MNR provide to the
8 company?

9 In Appendix E, the Martin logging case
10 study is the only one that is done on a Crown
11 management unit, the other four are FMAs, and we are
12 interested to know if the fact that it's a Crown
13 management unit entails different road planning and
14 construction requirements than is the case for the
15 FMAs.

16 On page 18 the restrictions set out by
17 MNR are listed and are we to assume that those are the
18 type of restrictions that would also be placed on FMAs
19 if they had a similar situation with respect to
20 constructing the road?

21 Another question that we had is with
22 respect to page 23 of the Panel 5 witness statement and
23 the statement is made on that page:

24 "The selected corridor should be the one
25 that provides the shortest, most

1 economical access to the desired area at
2 an acceptable level of impact on other
3 resource values."

4 We wondered what an acceptable level was
5 and who determines it.

6 And a final comment or question we had is
7 one that we don't know if there is any answer to, and I
8 think it was a question that we had asked before; that
9 is, that the Board doesn't have a sense of an overview
10 of the entire forest road network in the province or in
11 the area of the undertaking that we are looking at.
12 Certainly we have seen many maps where we can look at
13 forest roads by management unit or by an FMA, but we
14 were wondering: Is there anything that can provide an
15 overview of how extensive the forest road network is in
16 the province?

17 For example, we wouldn't be able to
18 ascertain at this point whether there is large areas of
19 the province that haven't been accessed by roads or if
20 in certain areas of the province the road network is
21 very dense. We just have no overall feeling about the
22 extent of the forest road network. And I know it's
23 complicated because in terms of the primary road
24 network often those are township roads and they are not
25 only forest roads.

1 MR. CASSIDY: Are you referring to the
2 province or the area of the undertaking?

3 MADAM CHAIR: The area of the
4 undertaking.

5 MR. CASSIDY: I think you may be correct
6 in terms of trying to answer that question. However,
7 it may be prudent for me to have a discussion with Mr.
8 Freidin. He, as you know, is responsible for the whole
9 area of the undertaking, my clients don't cover all of
10 the area of the undertaking, although a significant
11 portion of it.

12 So I will consult Mr. Freidin and see
13 if -- it may be that you may have to hear from MNR on
14 that in some fashion - I am not committing them
15 obviously - but I may not be able to -- my clients may
16 not be able to assist, but I will make efforts to speak
17 to Mr. Freidin and see what can be done.

18 MADAM CHAIR: Well, thank you. We
19 understand that information is of interest to the
20 Board, it wouldn't be of information to individual
21 industries nor to the timber management planning
22 process the way it stands, but in terms of the Board's
23 understanding of what the forestry road network looks
24 like, as I said, we would like to know if there is some
25 way we could have some overview other than simply "x"

1 kilometres of forest roads have been built in the area
2 of the undertaking.

3 And those are our comments.

4 MR. CASSIDY: I have just one question of
5 one of the statements of issues, Madam Chair, if I may,
6 that is in relation to the statement of issues filed on
7 behalf of the Ministry of the Environment in respect of
8 the OFIA/OLMA Panel 5, the access panel, and I am
9 referring specifically to paragraph 2 of the statement
10 of issues under cross-examination, and the MOE refers
11 to OFIA/OLMA's paragraph 4 and 5 and says that they
12 intend to cross-examine on the extent to which a desire
13 to minimize construction and maintenance costs
14 conflicts with the desire to minimize environmental
15 impacts.

16 And my question to the Ministry of the
17 Environment is: Are they looking for evidence; that
18 is, evidence of how that can be quantified or is it
19 quantifiable evidence they are looking for, and is it
20 site-specific evidence or is it evidence across the
21 whole undertaking or exactly what land base are we
22 talking about.

23 MADAM CHAIR: Ms. Harvie?

24 MS. HARVIE: Madam Chair, I am not doing
25 the cross-examination of Panel 5 and although I am here

1 today I am not really able to speak to Mr. Cassidy's
2 question, although I will endeavor to get a response to
3 him say by tomorrow. Would that be satisfactory to
4 you?

5 MR. CASSIDY: Yes.

6 MS. HARVIE: All right. Thank you.

7 MR. CASSIDY: Thank you. Those are my
8 comments with respect to the various statements of
9 issues, Madam Chair.

10 MADAM CHAIR: Thank you, Mr. Cassidy.

11 MR. CASSIDY: I am sorry, Madam Chair,
12 perhaps I could just ask the parties who are present to
13 give an indication of how much time they might possibly
14 be. I know that it might be difficult for Ms. Harvie
15 but Mr. Edwards, could you fathom a guess?

16 MR. EDWARDS: Two hours.

17 MR. CASSIDY: You have no idea, Ms.
18 Harvie?

19 MS. HARVIE: (nodding negatively)

20 MR. CASSIDY: Perhaps you could ask Ms.
21 Seaborn, who I understand is going to cross-examine, to
22 supply that information as well.

23 Ms. Blastorah?

24 MS. BLASTORAH: It's speculative at this
25 point, but I would estimate no more than an hour.

1 MR. CASSIDY: On the assumption that Ms.
2 Seaborn doesn't take the rest of the day, it's probably
3 a good bet then that we would finish -- if we were to
4 start the cross-examinations on Thursday, we would
5 probably finish -- next week in all likelihood finish.

6 MR. MARTEL: You are going to be, what a
7 day and a half on your first panel?

8 MR. CASSIDY: Yes. We anticipate on
9 Panel 4 a day and a half or less most likely, though a
10 full day and a half in light of your announcement today
11 that you are resuming at 12:30. That would take us,
12 Mr. Martel, until the end of the day on Wednesday which
13 would then start Panel 5 on Thursday morning.

14 I anticipate I would be approximately two
15 hours in the examination-in-chief, and if we really
16 work hard we might be able - that is the last day of
17 the week, however. I was going to say we could finish
18 in that day. I would be absolutely delighted if the
19 witnesses only had to be in the hearing for one day and
20 not have to come back the following week.

21 So we may wish to give consideration to
22 sitting long that day and flying out late if it
23 appears - and this is subject to Forests for Tomorrow
24 cross-examining - but if it appears that we can get it
25 done on that day, I might be asking the Board for that

1 discretion to exercise, and then we would be in a
2 position to start Panel 6 the following Tuesday.

3 MS. BLASTORAH: Could I just clarify, are
4 we still hearing some evidence in relation to Panel 10?

5 MR. CASSIDY: Yes, the evidence in
6 relation to the planning is included in the estimate of
7 day and a half for Panel 4.

8 MR. MARTEL: We would then have to make a
9 decision, Mr. Cassidy, about scoping next week and get
10 these statement of issues for 6.

11 MR. CASSIDY: Yes. What I might suggest
12 then is that we ask for an order that the scoping
13 session -- that the statements of issues for Panel 6 be
14 filed on next Wednesday - it's work for all of us -
15 next Wednesday, which would be the 12th.

16 MS. BLASTORAH: It's the 11th.

17 MR. CASSIDY: I'm sorry, the 11th, and
18 then we could either have the scoping session on
19 Thursday and try and squeeze it in as well, or we could
20 move everything up a day and have everyone file their
21 statements of issues for harvest on the Tuesday the
22 10th.

23 Today's Wednesday, I think that that
24 would give people -- sorry...
25 ---Discussion off the record

1 MADAM CHAIR: Why don't we do that, why
2 don't we set the deadline for statements of issues
3 submission on Tuesday, April 11th.

4 MR. CASSIDY: No, that Tuesday would be
5 April 10th.

6 MADAM CHAIR: April 10th.

7 MR. CASSIDY: And my calendar indicates
8 that that's Passover.

9 MADAM CHAIR: I think we got all that
10 sorted out. We are coming in Tuesday morning.

11 MR. MARTEL: That is why we are starting
12 late.

13 MS. BLASTORAH: And Ms. Devaul has just
14 reminded me that I believe there are submissions on the
15 Tuesday in relation to the satellite hearings.

16 MR. CASSIDY: That would be dealt with in
17 the evening. I am in the Board's hands. I would
18 prefer that we have the --

19 MADAM CHAIR: Yes, we will set the
20 deadline for statement of issues on Tuesday, April
21 10th.

22 MR. CASSIDY: All right. And the scoping
23 session...?

24 MADAM CHAIR: Scoping session on
25 Wednesday evening the 11th.

1 MR. CASSIDY: Those are my comments,
2 Madam Chair. Thank you.

3 MADAM CHAIR: Thank you. Is there
4 anything else?

5 (no response)

6 All right. Thank you very much. We will
7 see you here on Tuesday at 12:30. Thank you.

8 ---Whereupon the hearing adjourned at 1:55 p.m.,
9 to be reconvened on Tuesday, April 10th, 1990,
commencing at 12:30 p.m.

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